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ELECTRONIC NEWS FINANCIAL FACT BOOK & DIRECTORY 1989/1990

28th Annual Edition

Book Division
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New York

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Editor's Note: In order to present a clearer picture of a company's involvement in the Electronics field, we have, in some cases, included only those divisions and subsidiaries related to Electronics.

Robert Benjamin
Chief Research Editor

Robert Egan
Associate Editor

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The Leaders

U.S. COMPANIES

COMPANY	1989 ELECTRONIC SALES IN LATEST AVAILABLE FOUR QUARTERS	PERCENT OF GROSS	1988 ELECTRONIC SALES IN LATEST AVAILABLE FOUR QUARTERS	PERCENT OF GROSS
1. IBM CORP	$50,367,000,000	80.0	$44,869,000,000	80.0
2. GENERAL MOTORS CORP	16,015,200,000	12.6	11,170,100,000	10.6
3. GENERAL ELECTRIC CO.	13,415,000,000	33.0	13,152,000,000	33.0
4. DIGITAL EQUIPMENT CORP	12,741,956,000	100.0	11,475,000,000	100.0
5. XEROX CORP	11,700,000,000	69.0	10,700,000,000	69.0
6. AT&T CO.	11,139,000,000	31.0	10,660,000,000	31.0
7. HEWLETT-PACKARD CO.	10,764,000,000	100.0	9,021,000,000	100.0
8. UNISYS CORP	9,922,000,000	100.0	9,782,900,000	100.0
9. MOTOROLA INC.	8,760,000,000	100.0	7,561,000,000	100.0
10. TEXAS INSTRUMENTS INC.	6,202,000,000	97.0	4,960,000,000	83.0
11. NCR CORP	5,500,000,000	92.0	5,433,201,000	91.5
12. HONEYWELL INC.	5,329,600,000	75.0	5,330,100,000	75.0
13. RAYTHEON CORP	5,301,700,000	61.0	4,940,000,000	61.9
14. APPLE COMPUTER CORP	5,069,000,000	100.0	3,945,100,000	100.0
15. LOCKHEED CORP	4,229,480,000	43.0	4,471,600,000	40.0
16. WESTINGHOUSE ELECTRIC CORP	4,214,100,000	33.0	3,696,300,000	33.0
17. TANDY CORP	4,100,000,000	100.0	3,800,000,000	100.0
18. ROCKWELL INTERNATIONAL CORP	3,720,000,000	30.0	3,543,700,000	30.0
19. CONTROL DATA CORP	3,422,200,000	100.0	3,606,500,000	100.0
20. WANG LABORATORIES INC.	3,026,900,000	100.0	3,068,400,000	100.0
21. INTEL CORP	2,990,000,000	100.0	2,436,106,000	100.0
22. TRW INC.	2,936,000,000	42.0	2,966,000,000	42.0
23. LITTON INDUSTRIES INC.	2,905,482,000	58.0	3,002,571,000	63.0
24. ZENITH ELECTRONICS CORP	2,873,200,000	100.0	2,440,800,000	100.0
25. MARTIN MARIETTA CORP	2,755,200,000	48.0	2,616,000,000	48.0
26. ITT CORP	2,700,000,000	13.6	2,764,000,000	13.6
27. GTE CORP	2,578,289,000	15.4	1,662,000,000	10.0
28. COMPAQ COMPUTER CORP	2,573,000,000	100.0	1,641,900,000	100.0
29. HARRIS CORP	2,254,446,000	100.0	2,099,303,000	100.0
30. SCHLUMBERGER LTD	2,254,000,000	47.0	1,959,000,000	48.0
31. AMP INC.	2,211,000,000	80.0	2,202,000,000	82.5
32. TELEDYNE INC.	2,097,000,000	45.0	1,499,700,000	45.0
33. AMDAHL CORP	1,951,342,000	100.0	1,637,063,000	100.0
34. E.I. DUPONT DE NEMOURS & CO.	1,900,000,000	5.9	1,700,000,000	5.3
35. SUN MICROSYSTEMS INC.	1,759,000,000	100.0	1,055,000,000	100.0
36. AVNET INC.	1,708,400,000	89.0	1,617,900,000	89.0
37. NATIONAL SEMICONDUCTOR	1,647,900,000	100.0	1,432,100,000	100.0
38. MCDONNELL DOUGLAS	1,646,900,000	11.0	1,580,800,000	11.0
39. PRIME COMPUTER INC.	1,591,396,000	100.0	1,564,900,000	100.0
40. TANDEM COMPUTERS INC.	1,560,357,000	100.0	1,212,000,000	100.0
41. EATON CORP	1,449,000,000	42.0	1,437,000,000	43.0
42. TEKTRONIX INC.	1,432,996,000	100.0	1,411,864,000	100.0
43. E-SYSTEMS INC.	1,375,000,000	88.0	1,086,364,000	88.5
44. SEAGATE TECHNOLOGY INC.	1,371,568,000	100.0	1,265,966,000	100.0
45. DATA GENERAL CORP	1,299,000,000	100.0	1,350,000,000	100.0
46. VARIAN ASSOCIATES INC.	1,287,400,000	100.0	1,138,700,000	100.0
47. UNITED TELECOM CORP	1,150,000,000	17.4	1,076,000,000	35.0
48. FORD AEROSPACE CORP	1,120,000,000	80.0	1,040,000,000	80.0
49. ADVANCED MICRO DEVICES	1,078,000,000	100.0	1,115,733,000	100.0
50. NORTHROP CORP	1,008,000,000	17.5	1,063,500,000	18.0

FOREIGN COMPANIES

1. MATSUSHITA ELECTRIC LTD.	$40,511,000,000	92.0	$35,468,000,000	92.0
2. NEC LTD.	24,861,000,000	100.0	21,893,032,000	100.0
3. HITACHI LTD.	20,853,000,000	43.0	17,114,000,000	43.0
4. N.V. PHILIPS GMB.	20,300,000,000	75.0	19,436,000,000	75.0
5. FUJITSU LTD.	18,086,000,000	100.0	16,374,000,000	100.0
6. TOSHIBA LTD.	17,276,000,000	60.0	17,183,000,000	60.5
7. SIEMENS AG.	15,190,000,000	50.0	14,286,400,000	50.0
8. COMPAGNIE GENERALE D'ELECTRICITE	14,377,000,000	60.0	14,330,000,000	60.0
9. ALCATEL N.V.	12,000,000,000	95.0	12,340,000,000	95.0
10. GENERAL ELECTRIC CO. PLC.	7,798,300,000	64.0	7,157,000,000	64.0
11. SHARP CORP	7,086,000,000	100.0	6,234,000,000	100.0
12. NIPPON TELEGRAPH & TELELPHONE CORP	6,300,000,000	13.5	6,100,000,000	13.5
13. MITSUBISHI ELECTRIC CORP	5,775,100,000	27.0	4,567,000,000	27.0
14. THOMSON-CSF S.A.	5,600,000,600	100.0	6,300,000,000	100.0
15. ING. C. OLIVETTI & C., S.P.A.	5,562,000,000	86.0	5,425,000,000	86.0
16. GROUPE BULL S.A.	5,300,000,000	100.0	3,384,000,000	100.0
17. NORTHERN TELECOM LTD.	5,119,600,000	90.3	4,703,600,000	92.0
18. STC PLC.	4,454,000,000	100.0	3,906,000,000	100.0
20. NIXDORF COMPUTER AG.	3,003,824,000	100.0	2,600,000,000	100.0
21. PLESSEY CO. PLC.	2,972,000,000	95.0	2,335,766,000	95.0
22. RACAL ELECTRONICS PLC.	2,283,000,000	85.0	2,195,750,000	85.0
23. MEMOREX TELEX N.V.	2,200,000,000	100.0	2,013,000,000	100.0
24. OKI ELECTRIC LTD.	2,062,000,000	49.0	1,695,000,000	49.0
25. THORN EMI PLC.	1,210,000,000	24.7	1,247,400,000	24.7

KEY

A - *Earnings per-share for the 12 months through June 30.*

B - *Price-earnings ratio for the 12 months through June 30.*

C - *Earnings per-share as actually reported for either fiscal 1989, or calendar 1988.*

D - *Deficit.*

NA - *Not available.*

COMPANY	STOCK	PRICES	STOCK PRICE EARNINGS PER SHARE (A)		P/E RATIOS (B)		EPS (C)		SALES (MILLIONS)	
	6/30/89	6/30/88	1989	1988	1989	1988	PROJECTED 1989	ACTUAL 1988	LAST 4 QUARTERS 1989	YEAR END 1988/89
ADVANCED MICRO DEVICES	9-3/4	16-1/2	$ D0.02	$ D0.28	20	14	$ 0.50	$ 0.11	$ 1,078	$ 1,126
AMDAHL	16-1/4	27	2.01	3.44	7	18	2.25	1.99	1,951	1,802
AMP	40-3/4	51-5/8	2.96	2.73	14	20	2.90	2.96	2,764	2,670
APPLE COMPUTER	41-1/4	46-1/4	3.09	2.78	12	16	3.35	3.08	5,069	4,071
AT&T	35	26-3/4	D1.46	1.94	14	14	2.55	D1.55	35,934	35,210
AVNET	23-3/8	25-1/2	1.34	1.28	16	15	1.45	1.46	1,919	1,919
COMPAQ	91-1/4	59-3/4	7.05	4.89	11	13	8.00	6.30	2,573	2,065
CONTROL DATA	21-3/4	26-3/4	D0.07	0.92	D	45	NA	0.03	3,422	3,628
DATA GENERAL	17-1/8	23-5/8	D2.12	1.05	69	16	0.00	1.00	1,299	1,365
DIGITAL EQUIPMENT	91-3/4	114-7/8	9.01	9.90	10	12	8.75	9.90	12,742	12,742
DU PONT	108-3/4	92-7/8	9.74	8.81	10	11	11.25	9.11	34,034	32,360
EATON	60-1/2	83-1/8	6.37	7.83	10	11	6.25	6.17	3,450	3,469
E-SYSTEMS	30-1/8	28-3/4	2.51	2.20	11	15	2.80	2.40	1,559	1,439
FORD AEROSPACE (subsidiary)									1,400	1,396
GENERAL ELECTRIC	51-5/8	43-7/8	3.89	2.97	12	16	4.30	3.75	40,653	38,793
GENERAL MOTORS EDS	50-1/2	37-7/8	3.24	3.04	16	13	3.33	3.15	5,190	4,844
GENERAL MOTORS HUGHES	28-1/8	30-1/4	1.89	1.87	14	16	2.00	1.96	10,825	11,244
GTE	26-1/8	39-1/8	3.71	3.56	11	12	4.65	3.58	16,756	16,460
HARRIS	32-1/8	29-1/2	1.95	2.33	13	13	2.55	1.63	2,254	2,254
HEWLETT-PACKARD	51-3/4	55-3/4	3.52	2.95	13	19	3.90	3.36	10,764	9,831
HONEYWELL	73-3/8	70-7/8	D10.12	5.53	11	12	6.50	D10.22	7,106	7,148
IBM	111-7/8	127-3/8	9.31	8.67	11	14	10.50	9.27	62,959	59,681
INTEL	29	36	2.49	1.86	15	21	2.00	2.51	2,998	2,900
ITT	56-7/8	51-5/8	5.85	7.30	10	17	6.35	5.70	19,855	19,355
LITTON INDUSTRIES	86	79	6.85	6.00	12	13	7.10	6.33	5,013	4,864
LOCKHEED	47-7/8	44-1/4	9.57	7.21	9	6	5.50	10.37	9,836	10,590
MARTIN MARIETTA	46-3/8	44-3/4	6.18	4.41	8	9	5.70	6.02	5,740	5,727
MCDONNELL DOUGLAS	73-5/8	64-1/8	7.55	8.02	15	8	5.00	9.13	14,972	15,069
MOTOROLA	52-5/8	54-1/8	3.50	3.14	14	19	3.85	3.43	8,760	8,250
NATIONAL SEMICONDUCTOR	7-1/8	13	D0.32	0.48	D	27	D0.32	0.48	1,648	1,648
NCR	52-1/2	65-3/4	5.22	5.05	10	14	5.25	5.33	6,000	5,990
NORTHROP	26-1/8	29-7/8	D0.54	4.91	9	7	3.00	D0.65	5,760	5,796
PRIME	19-3/8	15-1/2	D0.01	1.09	39	12	0.50	0.27	1,591	1,594
RAYTHEON	72-5/8	64-7/8	7.50	6.77	9	10	8.15	7.35	8,565	8,192
ROCKWELL	22	21-1/8	3.19	2.85	9	8	2.40	3.04	12,400	11,946
SCHLUMBERGER	39-3/4	33-1/2	1.70	1.79	21	16	1.90	1.72	4,821	5,175
SEAGATE	13-1/4	18	D0.15	1.54	NA	10	0.05	1.54	1,371	1,371
SUN MICROSYSTEMS	17	18-5/8	1.33	1.44	17	23	1.00	0.89	1,759	1,759
TANDEM	16-7/8	20-1/4	0.97	0.96	15	16	1.10	0.96	1,560	1,315
TANDY	44-5/8	48	3.62	3.39	12	14	3.80	3.54	4,100	4,100
TEKTRONIX	22-1/8	25-1/2	0.18	0.55	16	16	1.35	0.55	1,433	1,433
TELEDYNE	363-3/8	340-1/4	27.56	39.84	13	9	25.00	34.03	4,660	4,590
TEXAS INSTRUMENTS	39-1/8	48-5/8	4.00	3.03	10	17	4.00	4.05	6,394	6,295
TRW	43	49	4.33	4.40	11	11	4.00	4.29	6,990	6,982
UNISYS	24-5/8	35-3/4	2.15	3.55	10	11	2.50	3.58	9,922	9,902
UNITED TELECOMMUNICATIONS	66	32-1/4	5.35	1.25	18	17	3.60	4.95	6,614	6,493
VARIAN ASSOCIATES	24-1/4	30-7/8	2.67	0.40	9	41	2.05	1.27	1,287	1,171
WANG LABORATORIES	7-3/4	11-1/8	D0.22	0.56	26	17	0.30	0.56	3,027	3,027
WESTINGHOUSE ELECTRIC	62	56-1/4	5.71	5.40	10	11	6.20	5.66	12,770	12,499
XEROX	62-3/8	55	3.61	5.62	10	10	6.30	3.50	17,000	16,441
ZENITH ELECTRONICS	18-1/2	27-3/8	0.04	D1.29	19	55	1.00	0.29	2,873	2,686
FOREIGN										
ERICSSON	86-1/8	38-1/8	4.41	3.06	20	12	4.95	4.41	5,799	5,799
HITACHI	106-3/4	108-7/8	4.50	3.50	24	33	5.25	4.50	48,496	48,496
MATSUSHITA	161-1/2	188-1/4	7.57	6.37	21	28	8.25	7.57	44,034	44,034
NEC	66-7/8	78-3/8	1.00	.37	NA	NA	1.04	1.00	24,861	24,861
NORTHERN TELECOM	17-3/4	19	0.67	1.33	14	14	1.30	0.70	5,670	5,400
PHILIPS	17-3/8	16-1/8	2.06	1.86	8	9	2.85	2.05	27,100	27,000
PLESSEY	40-1/4	26-7/8	2.97	3.03	14	9	3.05	2.97	3,128	3,128

Alcatel, Bull, CGE, Fujitsu, General Electric Co. plc, Memorex Telex, Mitsubishi, Nixdorf Computer, NTT, Oki, Olivetti, Racal, Sharp, Siemens, STC, Thomson-CSF, Toshiba and Thorn EMI are either privately-held or not traded on U.S. exchanges.

ELECTRONIC NEWS FINANCIAL FACT BOOK & DIRECTORY

1989/1990

AAR Corp.

1111 Nicholas Boulevard
Elk Grove Village, Illinois 60007
(312) 439-3939

Officers: Ira. A. Eichner, chairman of the board & chief executive officer; Barton J. Levin, president & chief operating officer; Richard D. Tabery, vice chairman; Sam G. Ayoub, v.p.-technical services marketing; Ben C. Brostoff, v.p. & secretary; Robert A. Cameron, v.p.-operations and finance & treasurer; Jan van den Berg, v.p.-European operations; Joseph J. Dzurinko, v.p. & controller; A. Lee Hall, group v.p.-aviation services group; Larry G. Caspersen, group v.p.-manufacturing group; David P. Storch, group v.p.-aviation trading group; Douglas S. Hara, v.p..

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* Member of the Executive Committee

Areas of Work: Engaged in the overhaul and certification of communications and navigation equipment (avionics), engines, engine parts, and airframe parts; design, manufacture and marketing of proprietary instrumentation; associated distribution of parts and accessories for general aviation, and flight instruction; and line and shop maintenance of engines, propellers, airframes, avionics and accessories. Also, lease financing of aircraft, aircraft engines, and other aviation products.

Subsidiaries:

AAR Aircraft Turbine Center, Inc.
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Elk Grove Village, Illinois 60007
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2791 Dragoer, Denmark
45-1-530800

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31-2503-10941

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41-42-221163

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois

The Chase Manhattan Bank, N.A.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AIR

Number of Employees:

1988	1,990	1985	1,500
1987	1,810	1984	1,391
1986	1,780		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 347,640,000	$ 21,233,000
1987	298,192,000	15,361,000
1986	248,012,000	11,506,000
1985	218,946,000	9,071,000
1984	177,762,000	4,487,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	15,833,000	$ 1.34
1987	15,327,000	1.00
1986	13,613,000	0.85
1985	13,557,000	0.67
1984	10,356,000	0.43

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Commercial & military aviation:		$ 221,684,000
Aviation prods.	$ 210,790,000	$ 183,757,000
Aviation serv.	101,437,000	80,825,000
Industrial products	35,413,000	33,610,000
Total	$ 347,640,000	$ 298,192,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1988	$ 0.35	—	3-for-2
1987	0.31	—	
1986	0.27	—	—
1985	0.21	—	—
1984	0.20	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 150,497,000	$ 9.51
1987	134,310,000	8.76
1986	95,381,000	7.01
1985	87,385,000	6.45
1984	81,085,000	7.83

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account*

Year ended	1988	1987
Net sales	$ 347,640,000	$ 298,192,000
Cost of sales	267,773,000	229,908,000
Expenses	44,930,000	39,513,000
Prov. for facil. closure	5,400,000	—
Interest expense	5,493,000	3,350,000
Income before taxes	$ 24,044,000	$ 25,421,000
Income taxes	9,200,000	12,200,000
Eq. in inc. of nonconsol. subsid.	(6,389,000)	(2,140,000)
Net Income	$ 21,233,000	$ 15,361,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,726,000 in 1988 and $5,374,000 in 1987.

Assets

As of May 31	1988	1987
Cash & cash equiv.	$ 6,767,000	$ 3,415,000
Accts. receiv., net	67,161,000	66,730,000
*Inventories	104,475,000	84,354,000
Equip. on short-term lease	18,111,000	4,566,000
Prepaid expenses	11,881,000	9,885,000
Current Assets	$ 208,395,000	$ 168,950,000
# Fixed assets	46,938,000	44,342,000
Other assets	29,615,000	21,799,000
Total Assets	$ 284,948,000	$ 235,091,000

Liabilities

Comm. paper & bank loans	$ 48,868,000	$ 35,812,000
Accts. payable	32,678,000	26,748,000
Accruals	18,012,000	15,031,000
Income taxes	3,112,000	3,713,000
Curr. Liabilities	$ 102,670,000	$ 81,304,000
Long-term debt	23,781,000	12,477,000
Deferred inc. taxes	8,000,000	7,000,000
+Common stock	15,870,000	10,536,000
Add. paid-in capital	76,178,000	80,605,000
Retained earnings	59,209,000	43,581,000
Cum. trans. adj.	(760,000)	(412,000)
Total Liabilities & Shareholders' Equity	$ 284,948,000	$ 235,091,000

* At lower of cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income before Taxes to Sales	6.92	8.53
%Net Income to Sales	6.11	5.15
%Net Income to Equity	14.11	11.44
Sales to Inventories	3.33	3.35
Debt to Equity	0.48	0.36
Working Capital	$ 105,725,000	$ 87,646,000
Current Ratio	2.03	2.08
Shareholders' Equity	$ 150,497,000	$ 134,310,000

Acme-Cleveland Corporation

30195 Chagrin Boulevard
Cleveland, Ohio 44124
(216) 292-2100

Officers: David L. Swift, president & chief executive officer; Francis R. Appeldorn, v.p.-finance; Donna M. Flammang, secretary; Earl J. Bellisario, v.p. & controller, Joseph C. McCarty, deputy treasurer.

Directors: Theodore M. Alfred, W. Paul Cooper, Stephen M. DuBrul, Jr., John J. Dwyer, Gerald C. McDonough, Donald R. Melville, David L. Swift, Robert M. Taylor, Karl E. Ware.

Areas of Work: The Company's principal products are machine tools, cutting and threading tools, telecommunications products, electrical and electronic controls and sensors, quality-control equipment and systems, and related replacement parts and services.

Divisions and Subsidiaries:

National Acme Division
Cleveland & Fremont, Ohio
Turnings machines and systems, replacement parts, supplies and service for standard machine tools.

Namco Controls Division
Limit switches, solenoids, electronic proximity switches and sensors, flow controls, infrared sensors, and electronic programmable switches and encoders for industrial machinery and process control applications.
Mentor, Ohio
Newton, North Carolina
New Milford, Connecticut
Herzhorn, West Germany

Communications Technology Corporation
Telecommunications equipment, including electronic equipment such as test sets for testing spliced cable pairs; special services control units; voltage detection equipment and cable restoration equipment.
Los Angeles, California
Atlanta, Georgia
Rexdale (Toronto), Ontario, Canada

The Cleveland Twist Drill Company
Metal cutting, metal removing, and threading tools, such as high-speed drills, reamers, end mills, taps, and rolling heads.
Cleveland, Ohio
Asheboro, North Carolina
Cranston, Rhode Island
Cynthiana, Kentucky
Mansfield, Massachusetts

Acme Communications Technology Systems Corporation
Dallas & Denison, Texas
Computerized telephone cable plant testing products and services.

M & M Precision Systems Division
Computerized quality control and measurement systems, master gears, spline gauges and thread gauges used in the production of precision gears, rotary tables and slides for numerically controlled machines.
West Carrollton & Cincinnati, Ohio
Tamworth, England
Loffingen, West Germany

Transfer Agents(s):

AmeriTrust Company, N.A.
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: AMT

Number of Employees:

1988 ....2,513 1985 3,138
1987 ....2,415 1984 3,085
1986 2,426

Plant Footage:

1988 ....2,180,493 sq. ft. 1986 2,251,500
1987 2,262,900

Sales & Earnings

	Net Sales #	Net Income †
1988	$ 176,089,623	$ (31,891,177)
1987	176,527,586	11,317,293
1986	186,090,158	(12,530,392)
1985	213,608,852	(11,492,858)
1984	146,109,907	(11,595,750)

	No. of Com. Shares ‡	Earn. per Share ‡ †
1988	6,279,767	$ —
1987	6,278,923	1.74
1986	6,278,897	—
1985	6,186,305	—
1984	5,551,820	—

(Loss)
# Of continuing operations only.
† Including extraordinary gain of $6,543,000 ($1.03 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Metalworking products	$ 119,123,000	119,148,000
Telecommunications & elec. products	57,235,000	57,714,000
Eliminations	(268,000)	(334,000)
Total	$ 176,090,000	$ 176,528,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.40	—	—
1987	0.40	—	
1986	0.40	—	—
1985	0.40	—	—
1984	0.40	—	—

Common Stock Equity

	Total Equity †	Equity Per Share
1988	$ 60,731,001	$ 9.76
1987	94,944,417	15.21
1986	85,374,166	13.69
1985	99,639,014	15.96
1984	113,257,436	18.63

† After allowing for preferred stock at redemption value.

Income Account

Year ended Sept. 30	1988	1987
Net sales	$ 176,089,623	$ 176,527,586
Pension reversion	—	17,466,300
Other income	1,861,943	1,211,540
Interest income	1,667,906	1,618,944
Total income	$ 179,619,472	$ 196,824,370
Cost of sales	124,764,523	122,802,204
Expenses	44,387,018	44,926,265
Depreciation & amortization	10,715,775	11,528,248
Interest expense	1,172,357	2,135,413
Other expenses	1,695,976	1,342,947
Prov. for asset write-downs	24,650,000	—
Income (loss) before taxes	$ (27,766,177)	$ 14,089,293
Income taxes	1,725,000	9,315,000
Income (loss) from cont. oper.	$ (29,491,177)	$ 4,774,293
Loss from discont. oper.	(2,400,000)	—
Net Income (Loss)	$ (31,891,177)	$ 4,774,293
Extraordinary gain	—	6,543,000
Net Income (Loss) & extraordinary gain	$ (31,891,177)	$ 11,317,293

Assets

As of Sept. 30	1988	1987
Cash & cash equiv.	$ 11,445,609	$ 14,353,470
Accts. receiv., net	25,764,447	26,169,342
Recov. income taxes	327,482	225,890
* Inventories	32,965,430	35,500,641
Prepaid expenses	2,845,849	3,314,363
Assets of discont. oper.	12,440	2,790,612
Current Assets	$ 73,361,257	$ 82,354,318
# Fixed assets	46,067,408	55,660,579
Goodwill in subsid.	3,159,816	13,595,073
Assets held for sale	1,174,689	1,180,392
Invest. in affil.	2,340,859	4,829,050
Other assets	2,834,562	8,701,819
Total Assets	$ 128,938,591	$ 166,321,231

Liabilities

Notes payable	$386,799	$97,314
Payable to banks	3,313,309	1,424,483
Long-term oblig., curr.	2,664,987	3,172,605
Accts. payable	9,039,041	8,831,668
Accruals	10,016,834	9,183,034
Accrued payroll	12,491,232	15,054,096
Other accrued taxes	1,664,161	1,685,285
Income taxes	1,897,578	2,383,581
Liabilities of discont. oper.	2,260,153	2,579,594
Curr. Liabilities	$ 43,734,094	$ 44,411,660
Long-term oblig.	8,275,214	9,686,926
Deferred inc. taxes	402,373	405,515
Unfunded pension costs	11,600,185	12,676,989
+ Preferred stock	3,630,915	3,630,915
++ Common stock	6,279,767	6,279,767
Add. paid-in capital	53,553,682	53,553,682
For curr. trans adjust.	130,553	(349,588)
Retained earnings	1,331,808	36,025,365
Total Liabilities Shareholders' Equity	$ 128,938,591	$ 166,321,231

* At lower of cost (primarily LIFO) or replacement market.
# Less accumulated depreciation and amortization.
+ No par value; $1.80 cumulative convertible.
++ $1 par value.

Statistical Summary

%Income bef. taxes to Sales	—	7.98
%Net Income to Sales	—	2.70
%Net Income to Equity	—	4.82
Sales to Inventories	5.34	4.97
Debt to Equity	0.23	0.15
Working Capital	$ 29,627,163	$ 37,942,658
Current Ratio	1.68	1.85
Shareholders Equity	$ 64,926,725	$ 99,140,141

Acme Electric Corporation

Norstar Bank Building
260 N. Union Street
Olean, New York 14760
(716) 373-3050

Officers: James W. McLaughlin, chairman; G. Wayne Hawk, president & chief executive officer; J. Thomas Odell, v.p.-administration; Richard A. Goodwin, v.p. & gen. mgr.-Transformer Division; William A. Boyd, v.p. & gen. mgr.-Aerospace Products Group; Daniel K. Corwin, v.p.-operations; R. Hartley Bond, v.p.-sales & marketing; David G. Anderson, secretary, treasurer, controller & general counsel; Lowell K. Brown, president-ACME URDC, INC.; Robert W. McGinnis, president-SAFE Power Systems, Inc..

Directors: Kirk E. Hampton*, R. Hartley Bond, W. Bennett Conner, G. Wayne Hawk*, James W. McLaughlin*, Henry H. Coords, H. Craig Casey, Jr., Mitchel J. Valicenti.

* Member of the Executive Committee

Areas of Work: Dry type power distribution transformers, regulated D.C. power supplies, constant voltage transformers, static power rectifiers, motor starting reactors and reactor packs, machine tool control transformers, stepdown and tapped winding transformers, voltage adjusting transformers, saturable reactors, magnetic amplifier power controls, military type power supplies, power line regulators, special purpose transformers, frequency control equipment, automotive battery chargers, communication power supplies and magnetic components power supplies for electrostatic applications, specification line transformers.

Divisions and Subsidiaries:

Electronics Division
Manufactures transformers, linear and switch-mode power supplies and standby power supplies and power conditioners.

Transformer Division
Manufactures dry-type distribution transformers.

ACME URDC Inc.
West Jordan, Utah
Manufactures custom and standard electronic power systems for the aerospace industry.

SAFE Power Systems, Inc.
Tempe, Arizona
Manufactures power protection systems for the computer, office and telecommunications industries.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: ACE

Number of Employees:

1988 1,000

Plant Footage:

1988 .... 517,843 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 82,333,000	$ 759,000
1987	67,471,000	663,000
1986	69,578,000	1,883,000
1985	75,849,000	2,651,000
1984	67,273,000	2,260,000

	No. of Com. Shares #	Earn. per Share #
1988	4,524,296	$ 0.17
1987	4,465,398	0.15
1986	4,430,707	0.43
1985	4,396,269	0.60
1984	4,370,586	0.51

Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 0.32	5%	—
1987	0.30	5%	
1986	0.29	5%	—
1985	0.28	5%	—
1984	0.26	10%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 22,119,000	$ 4.87
1987	22,297,000	4.99
1986	22,680,000	5.12
1985	21,808,000	4.96
1984	20,095,000	4.60

# Adjusted to reflect stock dividends.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 82,333,000	$ 67,471,000
Cost of sales	58,066,000	48,206,000
Expenses:		
Res. & engr.	5,619,000	5,065,000
Sell & admin.	16,272,000	12,271,000
Interest expense	1,071,000	566,000
Income before taxes	$ 1,305,000	$ 1,365,000
Income taxes	546,000	702,000
Net income	$ 759,000	$ 663,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,006,000 in 1988 and $1,441,000 in 1987.

Assets

As of June	1988	1987
Cash & shrt.-trm. invest.	$ 401,000	$ 900,000
Accts. receiv., net	13,520,000	13,053,000
* Inventories	16,365,000	13,427,000
Prepaid inc. taxes	1,086,000	—
Other curr. assets	877,000	753,000
Current Assets	$ 32,249,000	$ 28,133,000
Intangibles	1,566,000	930,000
# Fixed assets	12,619,000	12,119,000
Total Assets	$ 46,434,000	$ 41,182,000

Liabilities

Long-term debt, curr.	$ 1,876,000	$ 737,000
Accts. payable	4,939,000	3,482,000
Commissions payable	498,000	477,000
Accrued comp. & other	1,142,000	1,322,000
Curr. Liabilities	$ 8,455,000	$ 6,018,000
Lont-term debt	14,430,000	11,624,000
Deferred inc. taxes	1,430,000	1,243,000
+ Common stock	4,557,000	4,254,000
Add. paid-in capital	16,568,000	14,527,000
Retained earnings	1,125,000	3,516,000
Treasury stock	(131,000)	—
Total Liabilities & Shareholders' Equity	$ 46,434,000	$ 41,182,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.59	2.02
%Net Income to Sales	0.92	0.98
%Net Income to Equity	3.43	2.97
Sales to Inventories	5.03	5.03
Debt to Equity	0.74	0.55
Working Capital	$ 23,794,000	$ 22,115,000
Current Ratio	3.81	4.67
Shareholders' Equity	$ 22,119,000	$ 22,297,000

ADAC Laboratories

540 Alder Drive
Milpitas, California 95035
(408) 945-2990

Officers: Michael O. Preletz, chairman of the board & chief executive officer; Robert L. Deinhammer, president & chief operating officer; Richard M. Ferrari, exec. v.p. & gen. mgr.; I.R. Reuling, v.p., chief financial officer & secretary; Steven M. Van Dick, v.p.-finance.

Directors: Michael O. Preletz, chairman; William R. Hambrecht, Robert L. Deinhammer, Morton A. Cohen, Edmund H. Shea, Jr..

Areas of Work: The Corporation designs and manufactures digital radiography image processing systems which utilize digital images as opposed to the conventional film used in radiology. The system processor is a computer-controlled image processing system with real-time image manipulation hardware, digital data storage via magnetic disc drives, an analog video disc recorder and interface electronics for connection to X-Ray fluoroscopy systems. ADAC is also involved in the design and manufacture of nuclear medicine image processing systems which accept images from the scintillation cameras used in nuclear medicine, convert them to digital form and store them for further analysis.

ADAC Laboratories

Other products include radiation therapy planning systems which develop precise radiation dosemetry plans for individual cancer patients using display terminals; X-Ray products, and research and development.

Divisions and Subsidiaries:

Digital Radiography Computer Systems Division
Nuclear Medicine Division
Radiation Therapy Division
Field Service Division
International Division
X-Ray Systems Division
Radiology Management Systems Division
Advanced Marketing and Technology Division

Mid-Continent Computer Services, Inc.
Manufactures radiology information systems.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
50 California Street
San Francisco, California 94111

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADAC (NASDAQ)

Number of Employees:

1988	377	1985	460
1987	329	1984	750
1986	322		

Plant Footage:

1988	98,000 sq. ft.	1985	175,000
1987	98,000	1984	350,000
1986	98,000		

Sales & Earnings

	Net Sales	Net Income
1988*	$ 80,195,000	$ 11,415,000
1987	60,825,000	4,309,000
1986	46,581,000	(22,036,000)
1985	56,979,000	(29,806,000)
1984	59,259,000	(33,139,000)

	No. of Com. Shares #	Earn. per Share #
1988*	42,784,000	$ 0.27
1987	39,476,000	0.11
1986	12,469,000	—
1985	9,550,000	—
1984	9,436,000	—

(Loss)
* 53 weeks.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 19,245,000 +	$ 0.45
1987	(7,783,000) +	—
1986	(17,200,000) +	—
1985	(8,231,000) +	—
1984	21,103,000	2.24

(Deficiency)
+ After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Sept. 30	1988 (53 weeks)	1987
Net sales	$ 80,195	$ 60,825
Cost of sales	43,310	34,563
Expenses	24,121	20,131
Interest expense	1,375	1,861
Other income	(348)	(271)
Inc. bef. taxes	$ 11,737	$ 4,541
Income taxes	322	232
Net Income	$ 11,415	$ 4,309

* Included in Costs and Expenses, Depreciation and Amortization: $1,882,000 in 1988 and $1,841,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash	$ 4,123	$ 4,306
Accts. receiv., net	24,232	14,279
*Inventories	10,821	10,298
Prepaid expenses	382	606
Current Assets	$ 39,558	$ 29,489
#Fixed assets	4,685	5,516
Other assets	1,851	744
Total Assets	$ 46,094	$ 35,749

Liabilities
(000's)

Notes payable	$ 2,834	$ 3,636
Long-term debt, curr.	677	8,192
Accts. payable	6,836	3,752
Deferred serv. rev.	3,807	2,815
Other accrued liab.	9,588	7,370
Curr. Liabilities	$ 23,742	$ 25,765
Long-term debt	457	820
Deferred rents	1,180	1,470
+Preferred stock	1,470	15,477
++Common stock	77,351	61,738
Retained earn. (deficit)	(58,106)	(69,521)
Total Liabilities & Shareholders' Equity	$ 46,094	$ 35,749

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value; non-cumulative convertible.
++ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	14.64	7.47
%Net Income to Revenues	14.23	7.08
%Net Income to Equity	55.10	56.00
Debt to Equity	0.19	1.64
Working Capital	$ 15,816,000	$ 3,724,000
Current Ratio	1.67	1.14
Shareholders' Equity	$ 20,715,000	$ 7,694,000

Adage, Inc.

(46.4% owned by American Research and Development Division of Textron Inc.)

165 Lexington Road
Billerica, Massachusetts 01821-3921
(508) 667-7070

Officers: James D. Norrod, president & chief executive officer; Dale H. Munk, chief operating officer; Daniel P. Sharkey, v.p.-finance & administration; Mark R. Wilson, v.p.-manufacturing; Bruce E. Johnson, v.p.-sales & marketing; Kenneth Boyd, v.p.-engineering; Andrew E. Taylor, clerk.

Directors: Andrew E. Fillet, Michael H. Wozny, Charles J. Coulter, James D. Norrod, Edward S. Greaves.

Areas of Work: Manufactures, develops and sells interactive computer graphics systems and subsystems, primarily for use in problem solving through interaction with computer-generated graphics displays.

Subsidiary:

CGX Corporation

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADGE (NASDAQ)

Number of Employees:

1989	N.A.	1987	424
1988	320	1986	632

N.A. - Not Available.
N.A. - Not Available.

Sales & Earnings

	Revenue +	Net Income †
1989	$ 21,038,000	$ (684,000)
1988	20,754,000	(27,907,000)
1987	27,292,000	(9,853,000)
1986	24,788,000	(5,394,000)
1985	33,840,000	1,549,000

	No. of Com. Shares	Earn. per Share †#
1989	8,615,479	$ —
1988	8,367,089	—
1987	7,456,003	—
1986	7,433,215	—
1985	4,713,814	0.33

(Loss)
† Including extraordinary gain of $1,822,000 in 1989.
# Based on the weighted average number of common shares and special class common stock outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 14,543,000	$ 1.69
1988	15,438,000	1.85
1987	40,906,000	5.49
1986	50,517,000	6.80
1985	43,846,000	9.30

Income Account *
(000's)

Year ended	4/1/89	4/2/88
Net sales	$ 21,038	$ 20,754
Cost of sales	14,954	15,738
Inventory writedown	—	9,000
Expenses	14,565	17,995
Interest expense	671	705
Interest income	(988)	(135)
Other income	(11)	(105)
Prov. for disposal of cap. equip.	—	3,792
Prov. for consol. of oper.	5,919	8,668
Loss bef. taxes	$ (14,072)	$ (34,904)

Tax credit	—	(265)
Loss - cont. oper.	$ (14,072)	$ (34,639)
Income - discont. oper.	11,566	6,732
Net Loss	$ (2,506)	$ (27,907)
Extraord. gain	1,822	—
Net Loss & extraord. gain	$ (684)	$ (27,907)

* Included in Costs and Expenses, Depreciation and Amortization: $1,795,000 in 1989 and $4,079,000 in 1988.

Assets
(000's)

As of	4/1/89	4/2/88
Cash & cash equiv.	$ 17,855	$ 3,355
Accts. receiv., net	1,951	6,777
*Inventories	1,376	6,800
Prepaid expenses	508	1,188
Net assets held for sale	2,570	—
Current Assets	$ 24,260	$ 18,120
#Fixed assets	1,167	5,573
Other assets	—	5,891
Total Assets	$ 25,427	$ 29,584

Liabilities
(000's)

Notes payable	$ —	$ 1,850
5% subord. deben.	2,842	—
Cap. lease oblig., curr.	712	1,129
Accts. payable	2,374	2,155
Accrued empl. compens.	1,233	1,260
Deferred revenue	70	735
Other current liabilities	2,289	3,465
Curr. Liabilities	$ 9,520	$ 10,594
5% subord. deben.	—	2,571
Cap. lease oblig.	267	981
Other liabilities	1,097	—
+Common stock	862	836
Add. paid-in capital	45,135	44,960
Retained earnings (def.)	(31,098)	(30,414)
Cumulative trans. adj.	(351)	108
Deferred compensation	(5)	(52)
Total Liabilities & Shareholders' Equity	$ 25,427	$ 29,584

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Debt to Equity	0.07	0.26
Working Capital	$ 14,740,000	$ 7,526,000
Current Ratio	2.55	1.71
Shareholders' Equity	$ 14,543,000	$ 15,438,000

Adams-Russell Electronics Co., Inc.

1380 Main Street
Waltham, Massachusetts 02154
(617) 894-8540

Officers: John J. Lynch, chairman, president & chief executive officer; David J. McLachlan, v.p.-finance & secretary; James J. Connolly, sr. v.p.; Trevor Lambert, v.p.-corporate development; Harold H. Leach, group v.p.-Aerospace Products; Donald G. Warner, controller; Lee J. Cooper, v.p.-planning & acquisitions; Louis J. Gargasz, v.p.-systems & special programs; Mark R. Rosenzweig, group v.p.-components; David W. Ryan, v.p.-corp. marketing.

Directors: John J. Lynch, chairman; Jeptha H. Wade, Abraham J. Siegel, George H. Gage, Kenneth F. Burnes, Henry R. Lewis.

Areas of Work: Manufactures a broad range of components, subassemblies and systems primarily for five segments of the defense electronics market: electronic warfare; intelligence collection; command, control and communications; missile electronics, and radar.

Aerospace products include airborne antennas for radar, missiles, countermeasures, IFF and other special purpose applications, satellite antennas, multifunction radar and missile seeker antennas, high performance cables for electronic warfare and for test and instrumentation, avionics and submarine chassis and housings, heat exchangers and custom brazed assemblies, rotary joints, antenna feed assemblies and other wave-guide components.

Components Group products include RF and microwave components, diodes and subassemblies; and gallium arsenide monolithic microwave integrated circuit (MMIC) components and subsystems.

Surveillance products include portable receivers, UHF/VHF and microwave receivers, precision measurement and calibration equipment, signal distribution and switching equipment, signal processing computers, programmable demodulators, signals location systems, and space-borne components and subassemblies.

Video Information Systems products include automated advertising insertion equipment for the cable television industry.

Divisions and Subsidiaries:

Anzac Division
80 Cambridge Street
Burlington, Massachusetts 02154
(617) 273-3333

448 Griffin Road
Bangor, Maine 04401
(207) 942-7391

Antenna and Microwave Division
Haverhill Road
Amesbury, Massachusetts 01913
(617) 388-5210

Brazonics Division
Haverhill Road
Amesbury, Massachusetts 01913
(617) 388-2280

Micro-Tel Division
10713 Gilroy Road
Hunt Valley, Maryland 21030
(301) 667-0077

Microwave Products Division
9533 Irondale Avenue
Chatsworth, California 91311
(213) 882-3434

Communications Programs Division
1370 Main St.
Waltham, Massachusetts 02154
(617) 891-4700

RHG Electronics Laboratory, Inc.
161 East Industry Center
Deer Park, New York 11719
(516) 242-1100

Reaction Instruments, Inc.
475 Spring Park Place
Herndon, Virginia 22070
(703) 471-6060

SDI Microwave, Inc.
11 Executive Park Drive
North Billerica, Massachusetts 01862
(617) 667-7700

Adams-Russell BV
Cork, Ireland

Semiconductor Center
80 Cambridge Street
Burlington, Massachusetts

Video Information Systems Division
1370 Main Street
Waltham, Massachusetts 02154
(617) 894-8540

Hermetronics PLC
Slough, Berkshire, England

Transfer Agent(s):

American Stock Transfer & Trust Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: AEI

Number of Employees:

1988	1,741	1985	1,600
1987	1,877	1984	1,439
1986	2,000		

Plant Footage:

1988	629,820 sq. ft.	1985	453,340
1987	582,340	1984	402,340
1986	505,740		

Sales & Earnings

	Net Sales	Net Income
1988	$ 138,023,000	$ 208,000
1987	130,757,000	1,275,000
1986	113,117,000	6,698,000
1985	89,677,000	8,220,000
1984	77,286,000	7,210,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	5,411,000	$ 0.04
1987	6,337,000	0.20
1986	6,338,000	1.06

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 78,015,000	$ 14.42
1987	90,308,000	14.25
1986	90,903,000	14.34

‡ Based on weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	10/2/88	9/27/87
Net sales	$ 138,023	$ 130,757
Cost of sales	93,881	90,049
Expenses	38,941	37,371
Non-recurring charge	1,820	—
Interest expense	3,142	1,506
Interest income	(208)	(142)
Income before taxes	$ 447	$ 1,973
Income taxes	239	698
Net Income	$ 208	$ 1,275

* Included in Costs and Expenses, Depreciation and Amortization: $9,364,000 in 1988 and $9,697,000 in 1987.

Assets
(000's)

As of	10/2/88	9/27/87
Cash	$ 3,725	$ 4,074
Accts. receiv., net	25,455	27,457
Accts. receiv. not yet billed	10,911	6,701
* Inventories	31,067	32,358
Refund. inc. taxes	881	2,325
Deferred inc. taxes	3,234	1,239
Prepaid expenses	940	1,138
Current Assets	$ 76,213	$ 75,292

# Fixed assets		49,669		47,762
Intangibles		12,370		13,787
Other assets		3,630		5,144
Total Assets	$	141,882	$	141,985

Liabilities
(000's)

Notes payable	$	464	$	751
Accts. payable		4,327		4,458
Accrued payroll		5,984		5,691
Other accruals		5,593		4,252
Curr. Liabilities	$	16,368	$	15,152
Long-term debt		38,825		28,657
Covenant payable		1,609		2,748
Deferred income		312		343
Deferred inc. taxes		6,753		4,777
+ Common stock		64		64
Add. paid-in capital		91,228		91,201
Co. guaran. ESOP loan		(2,984)		—
Retained earnings		1,572		2,502
Treasury stock		(11,865)		(3,459)
Total Liabilities & Shareholders' Equity	$	141,882	$	136,298

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales		0.32		1.51
%Net Income to Sales		0.15		0.98
%Net Income to Equity		0.27		1.41
Sales to Inventories		4.44		4.04
Debt to Equity		0.50		0.33
Working Capital	$	59,845,000	$	60,140,000
Current Ratio		4.66		4.97
Shareholders' Equity	$	78,015,000	$	90,308,000

ADC Telecommunications, Inc.

5501 Green Valley Drive
Bloomington, Minnesota 55437
(612) 835-6800

Officers: Charles M. Denny, Jr., chairman of the board & chief exec. officer; Ross C. Wagner, sr. v.p.; Charles R. Bigham, v.p.-information services; Lynn J. Davis, sr. v.p.-operations; William C. Hamer, v.p. & chief technical officer; Dennis A. Leese, sr. v.p.-sales & marketing; William J. Cadogan, v.p.-product development; Ronald G. Martin, v.p.-corp. engineering & quality assurance; Donald H. Moerach, v.p.-human resources; LeRoy J. Morgan, v.p.-finance & chief financial officer; Jack P. Reilly, v.p.-electronic products; George W. Wood, v.p.-mechanical products; Kathie J. Mikucki, general counsel & secretary; Aimee L. Gallogly, treasurer; Joan K. Berg, controller.

Directors: Charles M. Denny, Jr., chairman; Lennie L. Arnevik, Frank A. Donaldson, Maynard B. Hasselquist, Thomas E. Holloran, Charles W. Oswald, Warde F. Wheaton.

Areas of Work: Designs, manufactures and markets, under the ADC trademark, electromechanical and electronic products for the telecommunications industry. The Company's products serve a broad range of access, termination, transmission, telephone test and data network management functions employing either analog or digital technologies.

Subsidiary:

ADC Fiber Optics Corporation
8 Walk-up Drive
Westborough, Massachusetts

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
South St. Paul, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADCT (NASDAQ)

Number of Employees:

1988	1,680	1986	1,729
1987	1,796	1985	1,729

Plant Footage:

1988	230,000 sq. ft.	1986	183,900
1987	230,000	1985	161,500

Sales & Earnings

		Net Sales +		Net Income
1988	$	179,852,000	$	16,953,000
1987		166,863,000		15,263,000
1986		143,677,000		11,968,000
1985		124,883,000		7,781,000
1984		87,595,000		3,700,000

	No. of Com. Shares ‡		Earn. per Share ‡
1988	13,047,000	$	1.30
1987	12,944,000		1.18
1986	12,907,000		0.93
1985	12,890,000		0.61
1984	12,897,000		0.29

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	3-for-2

Common Stock Equity

		Total Equity		Equity Per Share ‡
1988	$	93,645,000	$	7.18
1987		75,882,000		5.86
1986		60,318,000		4.67
1985		48,108,000		3.73
1984		40,368,000		3.13

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Oct. 31		1988		1987
Net sales	$	179,852	$	166,863
Cost of sales		97,427		87,981
Expenses:				
Selling		29,462		25,265
Develop. & prod. eng.		17,401		15,473
Gen. & admin.		11,459		13,662
Other income		(828)		(956)
Income before taxes	$	24,931	$	25,438
Income taxes		7,978		10,175
Net income	$	16,953	$	15,263

* Included in Costs and Expenses, Depreciation and Amortization: $9,112,000 in 1988 and $8,173,000 in 1987.

Assets
(000's)

As of Oct. 31		1988		1987
Cash	$	39,875	$	26,184
Accts. receiv., net		19,338		21,719
* Inventories		19,439		19,972
Prepaid expenses		3,498		3,811
Current Assets	$	82,150	$	71,686
# Fixed assets		36,927		32,311
Other assets		617		824
Total Assets	$	119,694	$	104,821

Liabilities
(000's)

Long-term debt, curr.	$	236	$	229
Accts. payable		4,999		5,875
Accrued payroll		9,926		11,089
Accrued inc. taxes		848		1,811
Other accruals		2,724		3,129
Curr. Liabilities	$	18,733	$	22,133
Long-term debt		2,925		3,161
Deferred inc. taxes		4,391		3,645
+ Common stock		2,620		2,595
Add. paid-in capital		18,613		17,828
Retained earnings		72,412		55,459
Total Liabilities & Shareholders' Equity	$	119,694	$	104,821

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales		13.86		15.24
%Net Income to Sales		9.43		9.15
%Net Income to Equity		18.10		20.11
Sales to Inventories		9.25		8.35
Debt to Equity		0.03		0.04
Working Capital	$	63,417,000	$	49,553,000
Current Ratio		4.39		3.24
Shareholders' Equity	$	93,645,000	$	75,882,000

Advanced Micro Devices, Inc.

901 Thompson Place
P.O. Box 3453
Sunnyvale, California 94088-3000
(408) 732-2400

Officers: W.J. Sanders, III, chairman of the board & chief exec. officer; Anthony B. Holbrook, president & chief operating officer; Richard Previte, sr. v.p., chief financial & administrative officer, secretary & treasurer; Marvin D. Burkett, v.p. & controller; Stephen Zelencik, sr. v.p. & chief marketing executive; Thomas W. Armstrong, v.p. & general counsel; Gene Connor, sr. v.p.-memory, manufacturing & technology; Stanley Winvick, v.p.-human resources; Michael Callahan, sr. v.p.-programmable products group; Geoff Tate, sr. v.p.-microprocessor and peripherals group.

Directors: W.J. Sanders, III, chairman; R. Gene Brown, R. Michael Shanahan, Hermann R. Franz, Richard H. Jenrette, Irwin Federman, Anthony B. Holbrook.

Areas of Work: Designs, develops, manufactures and markets complex monolithic intergrated circuits for use by manufacturers of a broad range of electronic equipment and systems, primarily products for computation, communication and instrumentation applications. The Company also produces and sells integrated circuits to customers that manufacture and sell computer and video products for personal use.

Subsidiaries:

Advanced Micro Devices GmbH, Germany
Advanced Micro Devices Sdn. Bhd., Malaysia
Advanced Micro Devices Export Sdn. Bhd., Malaysia
Advanced Micro, Ltd., U.S.A.
Advanced Micro Devices U.K. (Limited) England

Advanced Micro Devices SA, France
Advanced Micro Devices (Philippines) Inc., Manila
AMD Properties, Inc., U.S.A.
Advanced Micro Devices Overseas Corporation, U.S.A.
Advanced Micro Devices Belgium S.A.N.V.
Advanced Micro Devices (Canada) Limited
Advanced Micro Devices Export Corporation, Inc.
U.S.A.
Advanced Micro Devices, A.B., Sweden
Advanced Micro Devices (Singapore) Pte. Ltd.
AMD (International) Limited
AMD Overseas Financial Limited
AMD Atlantic Limited
AMD (Thailand) Limited
AMD Foreign Sales Corporation
AMD Japan, Ltd.

Monolithic Memories, Inc.
2175 Mission College Boulevard
Santa Clara, California 95054-1592
(408) 970-9700

Designs, manufactures and markets large-scale integrated semiconductor circuits used in computers and computer peripheral equipment, military electronics, CAD/CAM systems, telecommunications and other digital equipment.

Transfer Agent(s):

Bank of America, NT & SA
P.O. Box 37002
San Francisco, California 94137

Bank of America, NT & SA
80 Broad Street
P.O. Box 1011, Bowling Green Station
New York, New York 10004

Stock Exchange(s): New York

Ticker Symbol: AMD

Number of Employees:

1988	14,817	1985	15,299
1987	18,015	1984	12,067
1986	12,700		

Plant Footage:

1988	3,195,000 sq. ft.	1986	2,400,000
1987	3,355,000	1985	2,140,000

Sales & Earnings #

	Net Sales	Net Income
1988	$ 1,125,855,000	$ 19,316,000
1987	997,080,000	(63,987,000)
1986	828,613,000	(95,188,000)
1985	795,440,000	(9,753,000)
1984	1,121,848,000	164,615,000

	No. of Com. Shares x	Earn. per Share x
1988	80,845,000	$ 0.11
1987	77,764,000	—
1986	75,679,000	—
1985	74,849,000	—
1984	74,717,000	2.20

(Loss)
Restated to reflect adoption of SFAS No. 96, "Accounting for Income Taxes."
x Based on the weighted averaged number of common shares and common share equivalents outstanding.

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1988	$ 644,670,000 †	$ 7.97
1987	623,212,000 †	8.01
1986	510,224,000	6.74
1985	554,717,000	7.41
1984	571,020,000	7.64

x Restated.
† After allowing for preferred stock at liquidation value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	12/25/88	12/27/87‡
Net sales	$ 1,125,855	$ 997,080
Cost of sales	661,884	562,337
Expenses	432,529	451,030
Interest income	(5,134)	(11,716)
Consolidation of oper.	17,260	40,985
Inc. (loss) bef. taxes	$ 19,316	$ (45,556)
Income taxes	—	18,431
Net Income (Loss)	$ 19,316	$ (63,987)

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $153,188,000 in 1988 and $152,708,000 in 1987.

Assets
(000's)

As of	12/25/88	12/27/87‡
Cash & cert. of deposit	$ 286,779	$ 235,155
Accts. receiv., net	167,401	176,457
* Inventories	90,487	81,915
Prepaid expenses	24,924	16,082
Refund. inc. taxes	2,746	5,201
Current Assets	$ [illegible]	$ 514,810
# Fixed assets	495,497	524,342
Other assets	13,468	17,860
Total Assets	$ 1,081,302	$ 1,057,012

Liabilities
(000's)

Notes payable	$ 55,965	$ 28,172
Long-term debt, curr.	5,807	6,393
Accts. payable	63,022	63,937
Accruals	76,262	83,842
Deferred income	64,976	69,837
Income taxes	121	2,440
Curr. Liabilities	$ 266,153	$ 254,621
Long-term debt	130,412	135,938
Deferred inc. taxes	39,894	43,068
+ Preferred stock	35	35
++ Common stock	802	787
Add. paid-in capital	472,258	459,781
Retained earnings	171,748	162,782
Total Liabilities & Shareholders' Equity	$ 1,081,302	$ 1,057,012

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value; $30 convertible exchangeable.
++ $0.01 par value.

Statistical Summary

Sales to Inventories	12.44	12.17
Debt to Equity	0.30	0.27
Working Capital	$ 306,184,000	$ 260,189,000
Current Ratio	2.15	2.02
Shareholders' Equity	$ 644,843,000	$ 623,385,000

AEL Industries, Inc.

305 Richardson Road
Landsdale, Pennsylvania 19446
(215) 822-2929

Officers: Leon Riebman, chairman & chief executive officer; Mark H. Ronald, president & chief operating officer; George King, sr. v.p. & chief financial officer; John F. Sharkey, v.p.-planning; John R. Cox, v.p., secretary & general counsel; Jesse H. Riebman, v.p., treasurer & assistant secretary; Raymond Gutowski, v.p. & controller.

Directors: Leon Riebman, chairman; Francis J. Dunleavy, Donald H. Miller, Jr., Lloyd W. Moffit, Conrad J. Fowler, Mark H. Ronald, Frederick R. Einsidler.

Areas of Work: Involved with electronic defense products and services, consisting primarily of the design and manufacture of electronic countermeasure systems, simulation systems, radars and receivers. The Company is also engaged in the installation and integration of avionics systems into military aircraft, and provides such products as antennas, microwave integrated circuits, and hybrid microcircuits, and such services as calibration services, product testing services and technical publication services.

Subsidiaries:

American Electronic Laboratories, Inc.
305 Richardson Road
Lansdale, Pennsylvania 19446

AEL Systems International Corp.
AEL Defense Corp.
UltraVest Corp.

Cross Systems, Inc.
Atlanta, Georgia

Engaged in the design, development and manufacture of electronic defense systems primarily for the U.S. government and its agencies.

Transfer Agent(s):

Pittsburgh National Bank
Pittsburgh, Pennsylvania 15265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AELNA (NASDAQ)

Number of Employees:

1989	1,569	1987	1,557
1988	1,692		

Plant Footage:

1989	600,000 sq. ft.	1987	500,000
1988	586,000		

Sales & Earnings

	Net Sales +	Net Income
1989	$ 136,997,000	$ (1,984,000)
1988	119,637,000	2,126,000
1987	108,382,000	3,321,000
1986*	104,909,000	4,739,000
1985	83,779,000	43,594,000

	No. of Com. Shares †	Earn. per Share #
1989	3,910,000	$ —
1988	3,971,000	0.51
1987	4,377,000	0.74
1986*	4,636,000	1.01
1985	4,608,000	9.30

(Loss)
* 53 weeks.
+ Of continuing operations only.
† Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	—	—	—
1988	—	—	
1987	—	—	—
1986	—	—	3-for-2
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share #
1989	$ 50,964,000	$ 13.03
1988	53,418,000	13.45
1987	55,676,000	12.72
1986	55,501,000	11.97
1985	50,539,000	10.97

# Adjusted to reflect stock splits

Income Account *

Year ended	2/24/89	2/26/88
Net sales	$ 136,997,000	$ 119,637,000
Cost of sales	113,885,000	94,253,000
Expenses	25,116,000	20,992,000
Interest expense	3,755,000	1,824,000
Interest income	(491,000)	(584,000)
Other income	(295,000)	(449,000)
Gain on sale of fixed assets	(1,539,000)	—
Inc. (loss) bef. taxes	$ (3,434,000)	$ 3,601,000
Income taxes (credit)	(1,450,000)	1,475,000
Net Income (Loss)	$ (1,984,000)	$ 2,126,000

* Included in Costs and Expenses, Depreciation: $4,768,000 in 1989 and $3,963,000 in 1987.

Assets

As of	2/24/89	2/26/88
Cash & short-term invest.	$ 6,585,000	$ 6,595,000
Receivables, net	54,371,000	42,789,000
Refund. inc. taxes	2,762,000	—
*Inventories	5,138,000	6,434,000
Other curr. assets	451,000	1,111,000
Current Assets	$ 69,307,000	$ 56,929,000
Investments	10,295,000	10,295,000
#Fixed assets	35,061,000	30,056,000
Other assets	11,073,000	12,304,000
Total Assets	$ 125,736,000	$ 109,584,000

Liabilities

Short-term borrowing	$ 16,275,000	$ 19,625,000
Long-term debt, curr.	1,600,000	1,000,000
Accts. payable	5,812,000	3,426,000
Accrued payroll	4,451,000	4,839,000
Other accruals	12,215,000	13,506,000
Curr. Liabilities	$ 40,353,000	$ 42,396,000
Long-term debt	32,682,000	12,474,000
Def. inc. taxes	1,737,000	1,296,000
+Common stock:		
Class A	4,444,000	4,429,000
Class B	434,000	449,000
Add. paid-in capital	2,230,000	2,230,000
Retained earnings	53,043,000	55,027,000
Treasury stock	(9,187,000)	(8,717,000)
Total Liabilities & Shareholders' Equity	$ 125,736,000	$ 109,584,000

* At lower of cost (average and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.01
%Net Income to Sales	—	1.78
%Net Income to Equity	—	3.98
Debt to Equity	0.99	0.62
Working Capital	$ 28,954,000	$ 14,533,000
Current Ratio	1.72	1.31
Shareholders' Equity	$ 50,964,000	$ 53,418,000

Aerosonic Corporation

1212 North Hercules Avenue
Clearwater, Florida 34625
(813) 461-3000

Officers: Herbert J. Frank, president; William Parker, v.p.-marketing; David S. Goldman, executive v.p. & treasurer; Miriam Frank, secretary.

Directors: Herbert J. Frank, David S. Goldman, Miriam Frank, C. Fred Burley.

Areas of Work: Engaged in the research, manufacture and overhaul of aircraft instrumentation. Sells a complete line of instrumentation, with altimeters representing a major portion of total sales.

Transfer Agent(s):

Aerosonic Corporation
Clearwater, Florida

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ASON (NASDAQ)

Number of Employees:

1988	210	1985	230
1987	213	1984	230
1986	211		

Plant Footage:

1988	75,500 sq. ft.	1986	75,500
1987	75,500		

Sales & Earnings

	Net Sales	Net Income
1988	$ 11,110,674	$ 165,953
1987	9,192,874	106,587
1986	10,100,154	14,893
1985	10,940,976	315,512
1984	7,451,365	62,661

	No. of Com. Shares ‡	Earn. per Share ‡
1988	3,836,211	$ 0.04
1987	3,836,211	0.03
1986	3,836,211	—
1985	3,836,211	0.08
1984	3,836,211	0.02

‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 6,461,087	$ 1.68
1987	6,295,134	1.64
1986	6,188,547	1.61
1985	6,173,654	1.61
1984	5,858,142	1.53

Income Account *

Year ended Jan. 31	1988	1987
Net sales	$ 11,110,674	$ 9,192,874
Cost of sales	8,511,044	7,100,315
Expenses	2,144,335	1,867,038
Interest exp.	103,342	72,934
Income bef. taxes	$ 351,953	$ 152,587
Income taxes	186,000	46,000
Net Income	$ 165,953	$ 106,587

* Included in Costs and Expenses, Depreciation: $415,012 in 1988 and $415,212 in 1987.

Assets

As of Jan. 31	1988	1987
Cash	$ 90,700	$ 32,925
Accts. notes & other receiv.	1,660,273	1,678,029
Refundable income taxes	—	4,600
* Inventories	5,150,722	5,293,678
Prepaid expenses	34,141	28,770
Current Assets	$ 6,935,836	$ 7,038,002
Restricted cash	1,728,642	—
# Fixed assets	1,921,904	1,877,884
Other assets	63,230	17,842
Total Assets	$ 10,649,612	$ 8,933,728

Liabilities

Notes payable	$ 400,000	$ 600,000
Long-term debt, curr.	315,695	267,120
Accounts payable	867,988	980,714
Accrued payroll	191,065	179,511
Accruals	224,160	80,921
Curr. Liabilities	$ 1,998,908	$ 2,108,266
Long-term debt	1,939,917	316,328
Def. inc. taxes	249,700	214,000
+ Common stock	1,594,505	1,594,505
Add. paid-in capital	3,174,354	3,174,354
Retained earnings	1,764,889	1,598,936
Treasury stock	(72,661)	(72,661)
Total Liabilities & Shareholders' Equity	$ 10,649,612	$ 8,933,728

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.40 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.17	1.66
%Net Income to Sales	1.49	1.16
%Net Income to Equity	2.57	1.69
Sales to Inventories	2.16	1.74
Debt to Equity	0.41	0.19
Working Capital	$ 4,936,928	$ 4,929,736
Current Ratio	3.47	3.34
Shareholders' Equity	$ 6,461,087	$ 6,295,134

AFA Protective Systems, Inc.

155 Michael Drive
Syosset, New York 11791
(516) 496-2322

Officers: Philip Kleinman, chairman, chief executive officer & president; Robert D. Kleinman, exec. v.p., secretary & general counsel; Richard D. Kleinman, v.p. & chief operating officer; Raymond S. Greenberger, controller & assistant secretary.

Directors: Robert S. Heller, Philip Kleinman, Reginald C. Miller, Alfred G. Seddon, Harry F. Weyher, Richard D. Kleinman, Robert D. Kleinman, Leon Sicular, Asher Bernstein.

Areas of Work: Engaged in the distribution and installation of alarm devices and systems, including a time and frequency division multiplex signal transmission system. Provides central station protective services.

Subsidiary:

AFA Mass., Inc.

Transfer Agent(s):

Mellon Securities Trust Company
1 Executive Drive
Fort Lee, New Jersey 07024

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	N.A.	1985	246
1987	256	1984	262
1986	250		

N.A. - Not Available.

Sales & Earnings

	Sales & Revenues	Net Income
1988	$ 20,589,895	$ 1,788,843
1987	18,379,831	912,973
1986	15,836,087	1,061,422
1985	16,715,463	4,925,466
1984	16,947,059	1,337,155

	No. of Com. Shares	Earn. per Share #
1988	230,928	$ 7.60
1987	235,813	3.87
1986	235,813	4.00
1985	282,239	16.99
1984	313,687	4.07

# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.10	—	—
1987	1.00	—	
1986	0.94	—	—
1985	0.80	—	—
1984	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 7,571,693	$ 32.79
1987	6,348,769	26.92
1986	5,671,609	24.05
1985	8,515,939	30.17
1984	5,016,405	15.99

Income Account

Year ended Dec. 31	1988	1987
Service	$ 15,956,169	$ 15,199,954
Sales	4,633,726	3,179,877
Total income	$ 20,589,895	$ 18,379,831
Cost of sales	2,434,562	1,872,633
Cost of service	7,666,880	7,344,495
Expenses	5,110,559	4,386,784
Depreciation	2,039,655	1,912,624
Rental of signal lines	1,276,472	1,370,441
Recov. of alarm trans. fees	(774,449)	—
Interest expense	3,046	55,709
Interest income	(183,673)	(232,828)
Income before taxes	$ 3,016,843	$ 1,669,973
Income taxes	1,228,000	757,000
Net Income	$ 1,788,843	$ 912,973

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 3,131,976	$ 1,823,611
Accts. & notes receiv., net	3,009,490	2,838,513
*Inventories	115,404	280,505
Prepaid expenses and other	94,297	336,634
Current Assets	$ 6,351,167	$ 5,279,263
Installation materials	788,810	820,685
#Fixed assets	12,149,817	11,856,563
Other assets	719,790	275,865
Total Assets	$ 20,009,584	$ 18,232,376

Liabilities

Accts. payable	$ 1,471,365	$ 1,334,332
Income taxes payable	250,827	83,474
Other accrued liab.	1,092,847	1,638,654
Billings in exc. of costs	75,234	121,184
Deferred inc. taxes	85,600	244,500
Curr. Liabilities	$ 2,975,873	$ 3,422,144
Deferred income	7,878,318	7,014,163
Deferred inc. taxes	1,583,700	1,447,300
+ Common stock	230,928	235,813
Add. paid-in capital	467,457	476,910
Retained earnings	6,873,308	5,636,046
Total Liabilities & Shareholders' Equity	$ 20,009,584	$ 18,232,376

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	14.65	9.09
%Net Income to Revenues	8.69	4.97
%Net Income to Equity	23.63	14.38
Working Capital	$ 3,375,294	$ 1,857,119
Current Ratio	2.13	1.54
Shareholders' Equity	$ 7,571,693	$ 6,348,769

Alden Electronics, Inc.

Washington Street
Westborough, Massachusetts 01581
(617) 366-8851

Officers: John M. Alden, chairman & chief exec. officer; Joseph H. Girouard, president; Lawrence A. Farrington, v.p.; S. Charles Sviokla, treasurer; Robert P. Tatnall, v.p.-engineering.

Directors: John M. Alden, chairman; Joseph H. Girouard, Lawrence A. Farrington, William L. Alden, S. Charles Sviokla, John W. Connolly, Edward D. Cross, Robert E. Blakelock, Howard F. Nichols.

Areas of Work: Designs, assembles, sells and leases facsimile recorders, communications equipment and weather graphics display terminals. The Company supplies this equipment to industry, military and government for the display and recording of weather maps, satellite pictures and scientific data.

Divisions and Subsidiaries:

Alden International, Inc.
Alfax Paper & Engineering Company, Inc.
both at:
Washington Street
Westborough, Massachusetts 01581

Alden Electronics Washington Lab and Service Facility
618 North Washington Street
Alexandria, Virginia 22314

Alfax Paper of United Kingdom, Ltd.
Epsom, Surrey KT17 1ER England

Alfax Paper & Engineering Company, Inc.
250 St. Urban
Granby, Quebec J2G-8M8 C[illegible]da

Zephyr Weather Information Service, Inc.
Washington Street
Westborough, Massachusetts
Distributes weather data utilizing satellite communications and downlink earth stations.

Transfer Agent(s):

State Street Bank & Trust Company
225 Franklin Street
Boston, Massachusetts 02101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADNEA (NASDAQ)

Sales & Earnings

	Net Sales †	Net Income
1987	$ 18,817,490	$ 850,820
1986	17,194,846	1,357,385
1985	17,910,123	1,440,964
1984	14,303,324	1,062,391
1983	13,446,928	1,012,921

	No. of Com. Shares ‡	Earn. per Share ‡
1987	2,146,193	$ 0.40
1986	2,135,077	0.64
1985	2,120,154	0.68
1984	2,096,846	0.51
1983	N.A.	0.49

N.A. - Not Available.
† Includes other revenues.
‡ Based on the weighted average number of Class A common stock and common share equivalents outstanding.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.15	—	—
1986	0.25	—	
1985	0.28	—	—
1984	0.20	—	—
1983	0.20	—	—

+ Class A and Class B Common Stock combined.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 10,599,731	$ 4.94
1986	10,011,073	5.16
1985	9,125,845	4.30

‡ Based on the weighted average number of Class A Common Stock and common share equivalents outstanding.

Income Account*

Year ended	3/28/87	3/29/86
Net sales & serv. revenues	$ 14,046,092	$ 13,391,096
Other income	4,660,906	3,528,509
Interest income	110,492	275,241
Total income	$ 18,817,490	$ 17,194,846
Cost of sales	12,850,377	10,628,114
Expenses	4,473,985	4,146,673
Interest expense	21,808	23,674
Income before taxes	$ 1,471,320	$ 2,396,385
Income taxes	620,500	1,039,000
Net Income	$ 850,820	$ 1,357,385

* Included in Costs and Expenses, Depreciation: $1,317,222 in 1987 and $635,966 in 1986.

Assets

As of	3/28/87	3/29/86
Cash	$ 419,070	$ 470,610
Marketable securities	303,101	2,386,202
Accts. receiv., net	2,728,910	2,273,353
Refundable taxes	—	26,422
*Inventories	4,469,209	3,703,308
Other curr. assets	43,414	103,483
Current Assets	$ 7,963,704	$ 8,963,378
#Fixed assets	5,653,741	3,206,922
Total assets	$ 13,617,445	$ 12,170,300

Liabilities

Long-term debt, curr.	$	50,000	$	50,000
Notes payable		500,000		—
Accts. payable		1,231,833		654,994
Accruals		201,699		243,665
Income taxes		231,573		217,999
Dividends payable		302,162		504,571
Other current liabilities		86,947		32,498
Curr. Liabilities	$	2,604,214	$	1,703,727
Long-term debt		187,500		237,500
Deferred inc. taxes		226,000		218,000
+Class A common stock		1,989,385		1,969,385
++Class B common stock		75		75
Add. paid-in capital		1,543,868		1,523,868
Retained earnings		7,066,403		6,517,745
Total Liabilities & Shareholders' Equity	$	13,617,445	$	12,170,300

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.
++ No par value.

Statistical Summary

%Income bef. Taxes to Sales		10.47		17.90
%Net Income to Sales		6.06		10.14
%Net Income to Equity		8.03		13.56
Sales to Inventories		3.14		3.62
Debt to Equity		0.07		0.03
Working Capital	$	5,359,490	$	7,259,651
Current Ratio		3.06		5.26
Shareholders' Equity	$	10,599,731	$	10,011,073

Algorex Corporation

70 Corporate Drive
Hauppauge, New York 11788
(516) 434-9400

Officers: Sheldon O. Newman, chairman of the board, president & chief executive officer; Merwin Kliman, exec. v.p.; Donald D. Shack, secretary.

Directors: Sheldon O. Newman, chairman; Merwin Kliman, Donald D. Shack, Thomas F. Kearns, Jr..

Areas of Work: Using computers, the company automates the design, manufacture and testing of complex systems of all kinds for companies in the electronic industry.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALGO (NASDAQ)

Number of Employees:

1988	100	1985	N.A.
1987	N.A.	1984	350
1986	230		

Plant Footage:

1988	75,000 sq. ft.	1985	N.A.
1987	N.A.	1984	120,000
1986	150,000		

N.A.-Not Available.

Sales & Earnings

		Revenues		Net Income
1988	$	7,481,229	$	(1,125,218)
1987		8,514,541		(6,493,881)
1986		16,452,603		(2,711,423)
1985		14,970,674		(5,855,766)
1984		15,223,475		1,619,152

	No. of Com. Shares #		Earn. per Share #
1988	2,783,046	$	—
1987	2,773,040		—
1986	2,764,981		—
1985	2,785,159		—
1984	2,815,335		0.58

(Loss)
# Based on the weighted average number of shares outstanding during each period.

Common Stock Equity

		Total Equity		Equity Per Share #
1988	$	3,043,125	$	1.09
1987		4,168,343		1.50
1986		10,592,724		3.83
1985		13,290,485		4.77
1984		18,926,338		6.72

# Based on the weighted average number of shares outstanding during each period.

Income Account *

Year ended June 30		1988		1987
Revenues	$	7,481,229	$	8,514,541
Cost of sales		4,280,672		6,528,933
Expenses		3,464,615		4,259,844
Int. and dividend inc.		(36,985)		(29,138)
Interest expense		371,010		375,614
Other income		(62,095)		(69,474)
Losses rel. to discont. oper.		—		3,900,000
Losses rel. to writedown of computer equip.		514,770		—
Loss bef. taxes	$	(1,050,758)	$	(6,451,238)
Income taxes		74,460		42,643
Net Loss	$	(1,125,218)	$	(6,493,881)

* Included in Costs and Expenses, Depreciation and Amortization: $654,958 in 1988 and $940,286 in 1987.

Assets

As of June 30		1988		1987
Cash	$	404,206	$	1,195,314
Acct. receiv., net		1,917,081		1,515,092
* Inventories		381,460		81,041
Other curr. assets		79,512		128,563
Current Assets	$	2,782,259	$	2,920,010
# Fixed assets		7,397,968		7,695,467
Cap. leased group		—		4,801
Other assets		353,978		463,299
Total Assets	$	10,534,205	$	11,083,577

Liabilities

Revenue bonds	$	200,000	$	250,000
Cap. lease oblig. curr.		—		3,135
Accts. payable		625,289		325,008
Accrued payroll		453,465		303,300
Other accruals		425,562		118,791
Income taxes pay.		86,764		15,000
Curr Liabilities	$	1,791,080	$	1,015,234
Revenue bonds		5,700,000		5,900,000
+ Common stock		27,855		27,855
Add. paid-in capital		15,622,600		15,622,600
Retained earnings (deficit)		(12,590,455)		(11,465,237)
Treasury stock		(16,875)		(16,875)
Total Liabilities & Shareholders' Equity	$	10,534,205	$	11,083,577

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Working Capital	$	991.179	$	1,904,776
Current Ratio		1.55		2.88
Shareholders' Equity	$	3,043,125	$	4,168,343

Allegheny International, Inc.

(Operating under Chapter 11 of the U.S. Bankruptcy Code)

Two Oliver Plaza
P.O. Box 456
Pittsburgh, Pennsylvania 15230
(412) 562-4000

Officers: Oliver S. Travers, chairman of the board, president & chief executive officer; Thomas J. Albani, exec. v.p. & chief operating officer; Samuel H. Iapalucci, v.p. & treasurer; James T. Dougherty, v.p., general counsel & secretary; K. Wayne Long, v.p.-accounting & control; Roland H. Schriver, controller; Herbert C. Graves, v.p.-operations services.

Directors: Anthony J. A. Bryan*, Richard M. Cyert*, Spencer R. Stuart, Oliver S. Travers*, Joshua Angel, Donald F. Craib, Jr., Richard P. Farkas, Thomas H. Maddux*, William J. Scharffenberger, Melvin J. Gardner, Anthony E. Mirti, Morris W. Offit, Richard H. Tierney.

* Member of the Executive Committee

Areas of Work: Manufactures and markets small appliances, personal care products, electric blankets, housewares, scales, clocks, weather measuring instruments and barbecue grills.

Divisions and Subsidiaries:

Sunbeam Appliance Company
2001 South York Road
Oak Brook, Illinois 60521
(312) 654-1900
Irons, food and beverage preparation appliances, grooming and other personal care products; ovens.

Oster Division of Sunbeam Corporation
5055 North Lydell Avenue
Milwaukee, Wisconsin
(414) 332-8300
Food and beverage preparation appliances, personal care products.

Hanson Scale Company
P.O. Box 38-Highway 45 North
Shubuta, Mississippi 39360
(601) 687-1531
Bathroom, kitchen and postal scales; healthcare products.

Springfield Instrument Company
Wood-Ridge, New Jersey
Clocks, timers, and weather measuring instruments.

Sunbeam Corporation (Canada) Ltd.
Toronto, Ontario, Canada
Small appliances and barbecue grills.

Solaray
Division of Sunbeam Corporation (Canada) Limited
268 Grand River Avenue
P.O. Box 673
Brantford, Ontario N3T 5P9, Canada
(519) 759-6400
Personal care products, electric blankets and heating pads.

Almet/Lawnlite, Inc.
P.O. Box L
Portland, Tennessee 37148
(615) 325-9283
Casual furniture.

Sunbeam Leisure Products Company
P.O. Box 622
Neosho, Missouri 64850
(417) 451-4550
Gas and charcoal barbecue grills; insects killers.

Sunbeam Mexicana
Mexico City, Mexico
Small appliances.

Oster de Venezuela
Caracas, Venezuela
Small appliances.

Sunbeam del Peru
Lima, Peru
Small appliances.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York, London, Paris, Amsterdam

Ticker Symbol: AG

Number of Employees:

1988	12,200	1985	30,800
1987	12,800	1984	34,800
1986	18,000		

Sales & Earnings

	Net Sales +	Net Income
1988	$ 967,800,000	$ (25,100,000)
1987*	650,800,000	(285,400,000)
1986	999,600,000	(164,000,000)
1985	1,035,200,000	(109,100,000)
1984	1,011,100,000	14,900,000

	No. of Com. Shares	Earn. per Share ‡
1988	10,858,918	$ —
1987*	10,858,918	—
1986	10,831,450	—
1985	10,758,868	—
1984	10,527,204	—

(Loss)
* 9 months.
+ Of continuing operations only.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	1.40	—	—
1984	1.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ (281,833,000)	$ —
1987	(260,900,000)	—
1986	(23,800,000)	—
1985	85,700,000	7.97
1984	242,200,000	23.01

(Deficiency)

Income Account
(000's)

Year ended	10/2/88 (53 weeks)	9/27/87
Net sales	$ 967,786	$ 650,826
Cost of sales	734,620	520,605
Expenses	187,706	156,730
Depreciation & amortization	20,979	17,510
Other expense (income)	(2,382)	10,961
Interest expense	44,515	56,553
Loss before taxes	$ (17,652)	$ (111,533)
Income taxes	7,401	6,131
Loss - cont. oper.	$ (25,053)	$ (117,664)
Loss - discont. oper.	—	(167,777)
Net Loss	$ (25,053)	$ (285,441)

Assets
(000's)

As of	10/2/88	9/27/87
Cash	$ 27,683	$ 22,372
Short-term invest.	76,400	68,830
Notes & accts. receiv., net	217,440	212,777
*Inventories	187,295	184,463
Prepaid expenses	18,882	10,026
Net assets of discont. oper.	38,378	25,897
Current Assets	$ 566,078	$ 524,365
Long-term receiv. & other invest.	43,672	50,769
#Fixed assets	96,067	104,410
Intangibles	85,220	87,798
Other assets	5,818	9,887
Assets of discont. oper.	43,764	73,259
Total Assets	$ 840,619	$ 850,488

Liabilities
(000's)

Short-term borrowings	$ 2,078	$ 207,823
Long-term debt, curr.	398	33,039
Accts.payable	43,590	61,889
Accrued payroll	19,678	15,397
Other accruals	48,856	103,666
Income taxes	6,176	7,219
Curr. Liabilities	$ 120,776	$ 429,033
Long-term debt	10,563	311,718
Other liab.	25,779	131,300
Deferred inc. taxes	6,619	6,420
Prepetition liabilities	724,789	—
+Redeemable pref. stock	233,926	232,912
++Common stock	8,869	8,869
Add. paid-in capital	214,103	214,103
Retained earnings (def.)	(392,027)	(365,960)
Cum. adjust. from for. curr. trans.	(23,471)	(28,600)
Treasury stock	(89,307)	(89,307)
Total Liabilities & Shareholders' Equity	$ 840,619	$ 850,488

* At lower of cost (average or FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $0.67 par value.

Statistical Summary

Sales to Inventories	5.17	3.53
Working Capital	$ 445,302,000	$ 95,332,000
Current Ratio	4.69	1.22
Shareholders' Equity (Deficiency)	$ (281,833,000)	$ (260,900,000)

The Allen Group, Inc.

534 Broad Hollow Road
Melville, New York 11747
(516) 293-5500

Officers: Philip Wm. Colburn, chairman, chief executive officer & president; J. Chisholm Lyons, vice chairman of the board; Robert G. Paul, sr. v.p.-finance & president-The Antenna Specialists Company; Stephen E. Gilhuley, v.p., secretary & general counsel; Andris Grants, group v.p.; Robert A. Youdelman, v.p.-taxation; Harry M. Cook, group v.p. & president-The Allen Group Puerto Rico Inc.; Frank J. Hyson, v.p. & president-The Crown Divisions; John C. Martin, III, treasurer; James L. LePorte, III, controller.

Directors: Wade W. Allen, George A. Chandler, Philip W. Colburn, Albert H. Gordon, J. Chisholm Lyons, Charles W. Robinson, Richard S. Vokey, William M. Weaver, Jr., Jill K. Conway.

Areas of Work: Manufactures automotive electronic test equipment, electronic assemblies and computerized engine diagnostic equipment. Other products include auto parts, antennas and truck cabs.

Divisions and Subsidiaries:

Allen Testproducts
Kalamazoo, Michigan
Mississauga, Ontario, Canada
Engine diagnostic equipment for the automotive repair market.

Mangum Manufacturing Company
Dallas, Texas
Radiators and heat exchange products.

Allen Automated Systems Company
Westland, Michigan
Computerized products test and assembly machines and systems and automated test equipment.

The Antenna Specialists Co.
Cleveland, Ohio
Cellular telephone, marine, aviation, land mobile, monitor and CB antennas.

The G&O Manufacturing Company
New Haven, Connecticut
Replacement radiator cores, radiators and heat exchange products.

The Allen Group Puerto Rico Inc.
Fajardo, PR
Electronic assemblies used in other Allen products.

Allen Group Canada Limited
Toronto, Ontario, Canada
Die-cut and molded rubber products.

The Allen Group Leasing Corp.
Livonia, Michigan
Leases engine diagnostic equipment.

The Crown Divisions
Wooster, Orrville, Lorain, Lardstown, Ohio; Baltimore, Maryland; Sterling Heights, Michigan;
Mississauga, Canada
Truck cabs, bodies, utility van interiors, farm tractor cabs and hoods.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York, Pacific

Ticker Symbol: ALN

Number of Employees:

1988	3,800	1985	5,300
1987	5,200	1984	5,000
1986	5,400		

Plant Footage:

1988 ..... 2,210,000 sq. ft.

Sales & Earnings

	Net Sales †	Net Income
1988	$ 336,864,000	$ 5,675,000
1987	302,638,000	(15,477,000)
1986	306,079,000	(10,274,000)
1985	303,666,000	16,138,000
1984	254,518,000	9,432,000

	No. of Com. Shares +	Earn. per Share ‡
1988	8,201,000	$ 0.20
1987	8,199,000	—
1986	8,309,000	—
1985	9,050,000	1.77
1984	8,861,000	1.04

(Loss)
† Of continuing operations only.
+ Adjusted to reflect stock dividend and stock split.
‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend and stock split.

Revenues By Line of Business
(000's)

	1988	1987
Automotive test & service	$ 190,831	$ 182,896
Truck prods.	102,012	84,035
Mobile communications	44,021	35,707
Total	$ 344,416	$ 313,411

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.42	—	—
1986	0.56	—	
1985	0.50	—	5-for-4
1984	0.40	5%	—
1983	0.31	5%	—

+ Adjusted to reflect stock dividends and stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 58,101,000 ‡	$ 7.08
1987	57,744,000 ‡	7.04
1986	85,571,000 ‡	9.98
1985	116,054,000	12.60
1984	102,059,000	11.22

‡ After allowing for preferred stock at liquidation value.
+ Adjusted to reflect stock dividend and stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 336,864	$ 302,638
Lease finance income	7,552	10,773
Total income	$ 344,416	$ 313,411
Cost of sales	230,509	216,426
Expenses	95,732	101,874
Interest expense	11,151	10,965
Inc. (loss) bef. taxes	$ 7,024	$ (15,854)
Income taxes	3.670	3,936
Inc. (loss)-cont. oper.	$ 3,354	$ (19,790)
Inc.-discont. oper.	2,321	4,313
Net Income (Loss)	$ 5,675	$ (15,477)

* Included in Costs and Expenses, Depreciation and Amortization: $9,745,000 in 1988 and $12,760,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 14,421	$ 19,013
Accts. receiv., net	54,457	54,729
*Inventories	90,266	96,531
Prepaid expenses	1,832	3,017
Net assets of Specialty Rubber Prods. oper.	30,199	—
Net assets of European Oper.	—	41,057
Current Assets	$ 207,939	$ 231,143
#Fixed assets	70,719	80,075
Goodwill	—	4,707
Lease receiv.	33,650	28,361
Other assets	15,561	5,777
Total Assets	$ 327,869	$ 350,063

Liabilities
(000's)

	1988	1987
Notes payable	$ 58,344	$ 62,076
Long-term debt, curr.	9,134	12,016
Accts. payable	21,894	32,163
Accruals	34,278	32,085
Income taxes pay.	11,202	1,966
Curr. Liabilities	$ 134,852	$ 140,306
Long-term debt	39,834	39,087
Indust. rev. bonds	26,500	27,339
Deferred income taxes	405	10,419
Other liabilities	10,677	17,668
+Preferred stock	2,300	2,300
++Common stock	9,860	9,890
Add. paid-in capital	126,258	130,527
Retained earnings (deficit)	572	(4,097)
Translations adjustment	411	2,408
Treasury stock	(22,692)	(23,460)
Unearned compensation	(1,108)	(2,324)
Total Liabilities & Shareholders' Equity	$ 327,869	$ 350,063

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value; $1.75 convertible exchangeable.
++ $1 par value.

Statistical Summary

	1988	1987
%Net Income to Equity	4.91	—
Sales to Inventories	3.73	3.14
Debt to Equity	0.93	0.98
Working Capital	$ 73,087,000	$ 90,837,000
Current Ratio	1.54	1.65
Shareholders' Equity	$ 115,601,000	$ 115,244,000

Allen Organ Company

Macungie, Pennsylvania 18062
(215) 966-2200

Officers: Jerome Markowitz, president & treasurer; Robert Pearce, vice president-sales; Eugene Moroz, vice president-production & asst. secretary; Leonard W. Helfrich, secretary & asst. treasurer; Steven Markowitz, v.p.-international operations.

Directors: Jerome Markowitz, Robert Pearce, Eugene Moroz, Orville G. Hawk, Steven Markowitz, Albert F. Schuster, Leonard W. Helfrich.

Areas of Work: Manufactures electronic musical instruments.

Subsidiaries:

Rocky Mount Instruments Inc.
Rocky Mount, North Carolina
(919) 442-8068

Manufactures various assemblies for Allen organs as well as other instruments.

Transfer Agent(s):

Pittsburgh National Bank
10th St. & Ft. Duquesne Blvd.
Pittsburgh, Pennsylvania 15265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AORG (NASDAQ)

Number of Employees:

1988	460	1985	500
1987	470	1984	500
1986	470		

Plant Footage:

1988	307,000 sq. ft.	1985	287,000
1987	307,000	1984	287,000
1986	287,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 23,132,456	$ 4,617,642
1987	24,224,474	4,458,921
1986	23,108,800	3,655,692
1985	21,748,269	4,168,536
1984	21,104,549	3,555,712

	No. of Com. Shares #	Earn. per Share +
1988	1,504,323	$ 3.07
1987	1,432,933	2.96
1986	1,364,919	2.43
1985	1,363,980	2.77
1984	1,362,580	2.36

# Class A and Class B shares combined adjusted to reflect stock split.
+ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.40	5%	—
1987	0.32	5%	
1986	0.30	—	—
1985	0.29	—	2-for-1
1984	0.28	10%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 40,232,607	$ 26.74
1987	36,215,627	25.27
1986	32,216,430	23.60
1985	28,932,623	21.21
1984	25,124,992	18.44

+ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 23,132,456	$ 24,224,474
Cost of sales	14,586,308	15,128,673
Expenses	3,271,577	2,970,186
Other income	(2,195,071)	(1,815,206)
Income before taxes	$ 7,469,642	$ 7,940,821
Income taxes	2,852,000	3,482,000
Net Income	$ 4,617,642	$ 4,458,821

* Included in Costs and Expenses, Depreciation and Amortization: $649,746 in 1988 and $618,634 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 536,062	$ 1,249,784
Short-term investments	25,299,480	20,487,507
Marketable securities	155,627	155,627
Accts. & notes rec., net	2,541,285	3,033,030
* Inventories	6,371,066	5,518,919
Prepaid expenses	35,116	23,205
Def. inc. tax benefits	33,258	31,618
Current Assets	$ 34,971,894	$ 30,499,690
# Fixed assets	6,511,889	6,729,169
Other assets	495,467	470,153
Total Assets	$ 41,979,250	$ 37,699,012

Liabilities

	1988	1987
Accts. payable	$ 165,725	$ 162,698
Accrued inc. taxes	45,343	75,283
Accrued payroll	438,757	389,104
Other accrued expenses	51,454	84,853
Customers' deposits	553,764	370,137
Curr. Liabilities	$ 1,255,043	$ 1,082,075
Deferred liabilities	491,600	401,310
+ Common stock:		
Class A	128,104	122,009
Class B	1,409,889	1,342,991
Add. paid-in capital	12,610,377	10,548,325
Retained earnings	26,200,574	24,318,639
Treasury stock	(116,337)	(116,337)
Total Liabilities & Shareholders' Equity	$ 41,979,250	$ 37,699,012

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	32.29	32.78
%Net Income to Sales	19.96	18.41
%Net Income to Equity	11.48	12.31
Sales to Inventories	3.63	4.39
Working Capital	$ 33,716,851	$ 29,417,615
Current Ratio	27.87	28.19
Shareholders' Equity	$ 40,232,607	$ 36,215,627

Allied-Signal Inc.

(formerly Allied Corporation)

Columbia Road and Park Avenue
P.O. Box 2245R
Morristown, New Jersey 07962
(201) 455-2000

Officers: Edward L. Hennessy, Jr., chairman of the board & chief exec. officer; Alan Belzer, president & chief operating officer; Robert L. Kirk, exec. v.p.-chairman & chief exec. officer, Aerospace Company; John W. Day, exec. v.p. & president-Allied-Signal Automotive; Roy H. Ekrom, exec. v.p. & president-Aerospace Company; Frederic M. Poses, exec. v.p. & president-Engineered Materials; John W. Barter, sr. v.p. & chief financial officer; Mary L. Good, sr. v.p.-technology; Brian D. Forrow, sr. v.p. & gen. counsel; Edwin M. Halkyard, sr. v.p.-human resources; David G. Powell, sr. v.p.-public affairs; Nicholas A. Cameron, sr. v.p.-operations services; Edward W. Callahan, v.p.-health, safety, and environmental sciences; G. Peter D'Aloia, v.p. & treasurer; Kenneth W. Cole, v.p.-gov't. relations; J. Thomas Zusi, v.p. & controller; Andrew B. Samet, v.p., secretary & associate general counsel; John B. Fallon, v.p. & president-Allied-Signal International.

Directors: Jewel Plummber Cobb, Edward L. Hennessy, Jr., Donald W. Davis, William R. Haselton, Robert D. Kilpatrick, Stanley P. Porter, Thomas P. Stafford, Edward J. Boling, Ralph P. Davidson, Richard A. Lenon, Rawleigh Warner, Jr., Delbert C. Staley, Paul X. Kelley, Russell E. Palmer, Eugene E. Covert, 'Alan Belzer, Eugene E. Covert, Russell E. Palmer.

Areas of Work: The Company's operations are conducted under three business segments: aerospace, automotive, and engineered materials. Aerospace products include turbofan/turboprop engines, gas turbine engines, auxiliary power units, integrated avionics systems, automatic test systems, wheels and brakes, weather radar systems, flight control actuators, fuel controls, ignition systems, pneumatic, hydraulic, electro-mechanical control systems, gyroscopic devices, secure communications devices, environmental systems, anti-submarine systems, communications systems, missile components and systems, space pointing and control systems, air data computers, data management systems, heat transfer systems, torpedo propulsion systems and electric generating systems.

Automotive products include air and hydraulic brake systems and components, friction materials, electronics, filters, spark plugs, turbocharges, and safety restraints.

Engineered materials include nylon filament and staple fibers, apparel fibers, process technologies, catalysts and sorbents, circuit board laminates, engineered plastics, fluorocarbons, high-density polyethylene, low-molecular-weight polyethylene, hydrofluoric acid, performance films, uranium hexafluroide, specialty oximes, amorphous metal alloys, sulfur hexaflurode, and tar products.

Aerospace Segment:

Allied-Signal Aerospace Company
Aircraft Systems Comnpany
Defense Systems Company

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, Toronto, Amsterdam, Paris, Basle, Geneva, Zurich, Frankfurt, London, Tokyo.

Ticker Symbol: ALD

Number of Employees:

1988	109,550	1985	143,800
1987	115,300	1984	103,604
1986	137,200		

Sales & Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1988	$ 11,909,000	$ 463,000
1987	11,116,000	656,000
1986	9,888,000	605,000
1985	8,133,000	(279,000)
1984	8,864,000	488,000

	No. of Com. Shares +	Earn. per Share # ‡
1988	147,960,725	$ 3.10
1987	149,948,815	3.90
1986	174,352,025	3.26
1985	175,194,456	—
1984	83,029,334	5.03

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gain of $59,000,000 ($0.35 per share) in 1987.
+ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Aerospace	$ 4,746,000	$ 4,748,000
Automotive	4,101,000	3,546,000
Engineered Materials	3,033,000	2,795,000
Unallocated	29,000	27,000
Total	$ 11,909,000	$ 11,116,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 1.80	—	—
1987	1.80	—	
1986	1.80	—	—
1985	1.80	—	—
1984	1.75	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	$ 3,268,000	$ 22.09
1987	3,129,000	20.87
1986	3,670,000 ‡	21.06
1985	5,833,000 ‡	33.29
1984	2,747,000 ‡	33.09

‡ After allowing for preferred stock series at stated value.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 11,909,000	$ 11,116,000
Cost of sales	9,606,000	8,909,000
Expenses	1,425,000	1,457,000
Restructuring costs	175,000	—
Oper. profit	$ 703,000	$ 750,000
Other income	(105,000)	(170,000)
Gain on Union Tex. stock issue	—	(108,000)
Nonrecurring items	(143,000)	—
Interest expense	318,000	264,000
Income before taxes	$ 633,000	$ 764,000
Income taxes	176,000	242,000
Eq. in loss (inc.) of affil. cos.	(6,000)	7,000
Inc.- cont. oper.	$ 463,000	$ 515,000
Inc.- discont. oper.	—	82,000
Net Income	$ 463,000	$ 597,000
Extraord. gain	—	59,000
Net Income & extraord. gain	$ 463,000	$ 656,000

* Included in Cost and Expenses, Depreciation and Amortization: $416,000,000 in 1988 and $347,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term securities	$ 397,000	$ 349,000
Accts. & notes receiv., net	1,492,000	1,493,000
* Inventories	2,061,000	2,060,000
Other curr. assets	167,000	182,000
Current Assets	$ 4,117,000	$ 4,084,000
Invest. & long-term receiv.	921,000	803,000
# Fixed assets	3,214,000	3,330,000
Intangibles	1,378,000	1,547,000
Other assets	375,000	462,000
Total Assets	$ 10,005,000	$ 10,226,000

Liabilities
(000's)

	1988	1987
Accts. payable	$ 1,101,000	$ 1,078,000
Short-term borrowing	220,000	239,000
Long-term debt, curr.	40,000	258,000
Accruals	1,841,000	1,887,000
Curr. Liabilities	$ 3,202,000	$ 3,462,000

Long-term debt	2,044,000	2,017,000
Deferred inc. taxes	717,000	706,000
Other liabilities	774,000	912,000
+ Common stock	179,000	179,000
Add. paid-in capital	2,568,000	2,568,000
Retained earnings	1,671,000	1,503,000
Treasury stock	(1,181,000)	(1,150,000)
Currency trans. adj.	31,000	29,000
Total Liabilities & Shareholders' Equity	$ 10,005,000	$ 10,226,000

* At lower of cost (LIFO, FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.32	—
%Net Income to Sales	3.89	—
%Net Income to Equity	14.17	19.08
Sales to Inventories	5.78	5.40
Debt to Equity	0.71	0.80
Working Capital	$ 915,000,000	$ 622,000,000
Current Ratio	1.29	1.18
Shareholders' Equity	$ 3,268,000,000	$ 3,129,000,000

Alpha Industries, Inc.

20 Sylvan Road
Woburn, Massachusetts 01801
(617) 935-5150

Officers: George S. Kariotis, chairman & chief executive officer; Martin J. Reid, president & chief operating officer; Robert E. Goldwasser, sr. v.p.; Donald E. Paulson, secretary; Paul E. Vincent, controller; John A. Hanna, Jr., asst. treasurer.

Directors: George S. Kariotis, chairman; John M. Dempsey, Jr., Timothy X. Cronin, Martin J. Reid, Ray Shamie, Gerald T. Cameron, Sr., Arthur Pappas.

Areas of Work: Supplies microwave ferromagnetic/dielectric materials and semiconductor devices, components and subsystems which are sold to manufacturers of sophisticated electronic systems. These products generate, amplify, detect and control microwave energy. The military defense market accounts for approximately 47% of Alpha's sales. Products include military radar, ECMs (electronic countermeasures) equipment, missile guidance and communications systems.

Divisions and Subsidiaries:

C.F.P. Holding Co., Inc.
20 Sylvan Road
Woburn, Massachusetts 01801
(617) 935-5150
Real estate.

Semiconductor Division
Woburn, Massachusetts
Microwave semiconductor devices and modules.

Advanced Technology Division
Methuen, Massachusetts
Microwave and millimeter wave antennas, components, and subsystems, and gallium arsenide integrated circuits.

Microwave Components Division
Lawrence, Massachusetts
Solid state control components.

TRG-Millimeter Wave Division
Develops millimeter wave monolithic multifunction assemblies.

Central Microwave Company
Maryland Heights, Missouri
Produces gallium arsenide millimeter and microwave signal sources.

Trans-Tech, Inc.
Adamstown, Maryland
Microwave ceramic materials.

Alpha Industries (U.S.A.), Ltd.
England

Alpha Industries GmbH
Germany

Alpha Industries FSC, Inc.
U.S. Virgin Islands

Alpha Securities Corporation
Alpha Telecommunications, Inc.
Alpha DISC, Inc.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American

Ticker Symbol: AHA

Number of Employees:

1989	1,025	1986	1,370
1988	1,030	1985	1,500
1987	1,160		

Plant Footage:

1989	363,100 sq. ft.	1986	N.A.
1988	409,100	1985	473,100
1987	409,100		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1989	$ 65,488,000	$ 139,000
1988	62,215,000	(3,203,000)
1987	70,083,000	(818,000)
1986	70,996,000	(876,000)
1985	69,278,000	3,689,000

	No. of Com. Shares #	Earn. per Share #
1989	7,162,000	$ 0.02
1988	7,162,000	—
1987	7,145,000	—
1986	7,131,000	—
1985	7,078,000	0.52

(Loss)
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	$ —	—	—
1988	—	—	
1987	—	—	—
1986	0.025	—	—
1985	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 50,979,000	$ 7.12
1988	50,840,000	7.10
1987	53,923,000	7.55
1986	54,667,000	7.67
1985	55,400,000	7.83

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended March 31	1989	1988
Net sales	$ 65,488,000	$ 62,215,000
Cost of sales	48,432,000	49,167,000
Expenses	17,225,000	17,148,000
Interest expense	821,000	825,000
Interest income	(627,000)	(644,000)
Other expense (income)	(687,000)	464,000
Inc. (loss) bef. taxes	$ 324,000	$ (4,745,000)
Income taxes (credit)	110,000	(1,785,000)
Minority interest	75,000	243,000
Net Income (Loss)	$ 139,000	$ (3,203,000)

* Included in Costs and Expenses, Depreciation and Amortization: $5,303,000 in 1989 and $5,091,000 in 1988.

Assets

As of March 31	1989	1988
Cash & temp. invest.	$ 10,496,000	$ 10,692,000
Accts. receiv., net	12,317,000	11,119,000
Inc. tax refund	—	358,000
*Inventories	10,752,000	8,756,000
Prepaid expense	757,000	848,000
Current Assets	$ 34,322,000	$ 31,773,000
#Fixed assets	35,604,000	37,921,000
Other assets	332,000	1,565,000
Total Assets	$ 70,258,000	$ 71,259,000

Liabilities

Long-term debt, curr.	$ 307,000	$ 306,000
Accts. payable	3,049,000	2,385,000
Accruals	6,695,000	5,600,000
Curr. Liabilities	$ 10,051,000	$ 8,291,000
Long-term debt	5,974,000	8,229,000
Minority interest	1,401,000	1,326,000
Other liabilities	497,000	1,104,000
Deferred inc. taxes	1,356,000	1,469,000
+Common stock	1,858,000	1,858,000
Add. paid-in capital	26,387,000	26,387,000
Retained earnings	23,011,000	22,872,000
Treasury stock	(277,000)	(277,000)
Total Liabilities & Shareholders' Equity	$ 70,258,000	$ 71,259,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.49	—
%Net Income to Sales	0.21	—
%Net Income to Equity	0.27	—
Sales to Inventories	6.09	7.11
Debt to Equity	0.12	0.17
Working Capital	$ 24,271,000	$ 23,482,000
Current Ratio	3.41	3.83
Shareholders' Equity	$ 50,979,000	$ 50,840,000

Altos Computer Systems

2641 Orchard Parkway
San Jose, California 95134
(408) 946-6700

Officers: David Jackson, chairman, president & chief exec. officer; David Zacarias, chief operating and financial officer; Kapil Nanda, sr. v.p.-product & engineering development; Phil Johnson, v.p.-human resources; Michael Williams, corp. secretary.

Directors: David Jackson, chairman; David Zacarias, Susan Jackson, Donald E. Lundgren, Wilfred J. Corrigan.

Areas of Work: Designs, manufactures and markets multi-user microcomputer systems and software for a variety of business applications.

Subsidiaries:

Altos Computer Systems International
Altos International
San Jose, California

Altos Computer Systems Limited
England

Australian Altos Systems Pty. Limited
New South Wales, Australia

Altos Computer Systems GmbH
West Germany

Altos Computer Systems, S.A.R.L.
France

Altos Computer Systems A/S
Denmark

Altos Foreign Sales Corporation
Barbados

Altos Computer Systems S.R.L.
Italy

Altos Computer Systems AB
Sweden

Transfer Agent(s):

Bank of America N.T. & S.A.
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALTO (NASDAQ)

Number of Employees:

1988	872	1986	718
1987	782		

Plant Footage:

1988	210,455 sq. ft.	1986	157,000
1987	169,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 175,854,000	$ 22,203,000
1987	153,936,000	9,668,000
1986	134,189,000	20,250,000
1985	124,445,000	10,398,000
1984	102,739,000	9,748,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	12,496,000	$ 1.78
1987	13,266,000	0.73
1986	14,346,000	1.41
1985	14,915,000	0.70
1984	14,954,000	0.65

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 116,882,000	$ 9.35
1987	106,124,000	8.00
1986	102,393,000	7.14
1985	100,320,000	6.73
1984	91,028,000	6.09

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	6/25/88	6/27/87
Net sales	$ 175,854	$ 153,936
Cost of sales	101,652	90,783
Expenses	62,997	51,109
Interest income	(696)	(1,755)
Eq. in losses (earn.) of affil. co.	73	(307)
Gain on sale of invest.	(23,533)	(1,691)
Income before taxes	$ 35,361	$ 15,797
Income taxes	13,158	6,129
Net Income	$ 22,203	$ 9,668

* Included in Costs and Expenses, Depreciation and Amortization: $5,559,000 in 1988 and $4,790,000 in 1987.

Assets
(000's)

As of	6/25/88	6/27/87
Cash & temp. cash invest.	$ 70,022	$ 55,901
Accts. receiv., net	41,010	37,692
* Inventories	28,047	20,502
Prepaid inc. taxes	2,501	—
Other curr. assets	5,979	4,369
Current Assets	$ 147,559	$ 118,464
# Fixed assets	34,614	32,130
Invest. in affil. cos.	69	5,290
Other assets	4,857	4,855
Total Assets	$ 187,099	$ 160,739

Liabilities
(000's)

Notes payable	$ 2,745	$ —
Long-term debt, curr.	2,017	1,897
Accts. payable	15,848	14,080
Accrued payroll	4,761	3,839
Other accruals	8,405	5,112
Income taxes	12,166	3,579
Deferred income taxes	—	1,575
Curr. Liabilities	$ 45,948	$ 30,082
Long-term debt	22,174	23,476
Deferred inc. taxes	1,348	640
Minority interest	747	417
+ Common stock	28,536	39,000
+ Junior common stock	128	29
Retained earnings	88,626	67,124
Translation adjust.	(280)	—
Shareholder notes receiv.	(128)	(29)
Total Liabilities & Shareholders' Equity	$ 187,099	$ 160,739

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	20.11	10.26
%Net Income to Sales	12.63	6.28
%Net Income to Equity	19.00	9.11
Sales to Inventories	6.27	7.51
Debt to Equity	0.23	0.24
Working Capital	$ 101,611,000	$ 88,382,000
Current Ratio	3.21	3.94
Shareholders' Equity	$ 116,882,000	$ 106,124,000

AM International

333 West Wacker Drive
Chicago, Illinois 60606
(312) 558-1966

Officers: Merle H. Banta, chairman, president & chief exec. officer; John H. Shuey, sr. v.p.-finance & chief financial officer; John C. Ambrister, sr. v.p., secretary & gen. counsel; Morton Rible, sr. v.p.-human resources & administration; Joseph A. Verderber, v.p.-corp. business development; Marion G. Durk, v.p.-corp. relations; R. Troy Huggins, v.p.-research & development, & pres.-AM Technologies; Gerald J. McConnell, v.p., & pres.-Multigraphics Division; Thomas D. Rooney, v.p., & pres.-Bruning Division; Anthony Spier, v.p., & pres.-International Division; William A. Whitescarver, v.p., & pres.-Bindery and Forms Press Division; Steven F. Kaplan, pres.-AM Ventures; James P. Corcoran, treasurer.

Directors: Merle H. Banta, chairman; B. Charles Ames, Charles S. Arledge, Norman E. Auerbach, Stephen F. Hinchliffe, Jr., Carl Kaysen, George Kelm, Theodore Levitt, James M. Reed.

Areas of Work: The Company's products, supplies and service offerings are concentrated in four principal categories. Design and Display products include computer-aided design (CAD) pen plotters and scanners; Reproduction products include offset duplicators, diazo copiers, plain paper copiers, and printers; Finishing products include bindery equipment, folders, collators, and inserters; and Support products include engineering supplies -- such as digital type, plates, ink, coated paper -- and related training and technical services.

Divisions:

Bindery and Forms Press Division
4900 Webster Street
Dayton, Ohio 45414
(513) 278-2651

Bruning Division
1800 Bruning Drive West
Itasca, Illinois 60143
(312) 351-2900

International Division
Two Continental Towers
1701 Golf Road. Suite 308
Rolling Meadows, Illinois 60008
(312) 952-2190

Multigraphics Division
1800 West Central Road
Mt. Prospect, Illinois 60056
(312) 398-1900

Subsidiaries:

AM International, Inc. (Canada)
Canada

AM International Limited
Addressograph Multigraph Ltd.
New Zealand

AM International Pty. Ltd.
Addressograph-Multigraph Pty. Ltd.
Tetota Pty. Ltd.
Australia

AM Disco, Inc.
AM Foreign Sales Corporation
AM International Export Corporation
AM Export Corporation
AM Distribution Services Corporation

AM International A.G.
Switzerland

AM International, (Pty.) Limited
South Africa

AM International, S.A. Spain
Spain

AM International (Holdings) Limited
Admel International Limited
AM Admel Limited
AM Jacquard Systems, Ltd.
AM International Information Systems Limited
Addressograph-Multigraph Limited
AM International Leasing Ltd.
Great Britain

AM International G.m.b.H.
AM Bruning G.m.b.H.

West Germany

AM International Corporation N.V.
Netherlands Antilles

Gra[illegible]on Corporation
Multigraphics Advertising Corporation

Addressograph-Multigraph Corporation
AM International Leasing Corporation
AM Finance Canada Ltd.
AM Puerto Rico, Inc.
AM International (Denmark) A.S.
AM International (Finland) OY
AM Japan Company, Ltd. (67%-owned)
AM International S.A. de C.V. (Mexico)
AM International B.V. (Netherlands)
AM International AB (Sweden)
AM International S.A. (France)
AM International S.A./N.V. (Belgium)
Addressograph-Multigraph Limited (Zambia)

AM Holdings, Inc.

Bruning Computer Graphics
Manufacturers and distributes pen plotters.

Transfer Agent(s):

Morgan Shareholder Services Trust Co.
Stock Transfer Department
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Pacific, Midwest

Ticker Symbol: AM

Number of Employees:

1988	7,538	1985	9,492
1987	11,968	1984	10,120
1986	12,703		

Plant Footage:

1988	2,124,100 sq. ft.	1986	3,858,000
1987	3,942,100		

Sales & Earnings x

	Revenues +	Net Income †
1988	$ 820,709,000	$ (20,370,000)
1987	747,228,000	12,849,000
1986	536,493,000	4,688,000
1985	506,956,000	24,821,000
1984	504,819,000	69,522,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	51,821,000	$ —
1987	51,793,000	0.11
1986	41,653,000	0.04
1985	40,809,000	0.61
1984	39,739,000	1.75

(Loss)
+ Of continuing operations only.
x Restated to reflect adoption of SFAS No. 96, "Accounting for income taxes."
† Including extraordinary gains of $1,100,000 ($0.03 per share) in 1986, $5,029,000 ($0.12 per share) in 1985 and $49,206,000 ($1.24 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity x

	Total Equity	Equity Per Share
1988	$ 146,222,000 ‡	$ 2.83
1987	173,011,000 ‡	3.36
1986	161,590,000 ‡	3.20
1985	99,655,000	2.47
1984	1,967,000	0.05

x Restated.
‡ After allowing for preferred stock at aggregate liquidation preference.

Income Account *
(000's)

Year ended July 31	1988	1987‡
Revenues:		
Machines & supplies	$ 625,813	$ 571,030
Service	194,896	176,198
Total revenues	$ 820,709	$ 747,228
Cost of sales	533,588	475,547
Expenses	242,578	228,898
Interest expense	15,526	15,739
Interest income	(2,479)	(1,683)
Other expense	21,781	2,343
Income before taxes	$ 9,715	$ 26,384
Income taxes	1,614	2,053
Inc.-cont. oper.	$ 8,101	$ 24,331
Loss-discont. oper.	(28,471)	(11,482)
Net Income (Loss)	$ (20,370)	$ 12,849

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $21,331,000 in 1988 and $20,681,000 in 1987.

Assets
(000's)

As of July 31	1988	1987‡
Cash & temp. invest.	$ 14,168	$ 18,530
Accts. receiv., net	172,526	156,430
*Inventories	123,458	111,651
Net assets-discont. oper.	229,967	26,896
Prepaid expenses	9,052	9,841
Current Assets	$ 549,171	$ 323,348
Net assets-discont. oper.	—	184,011
#Fixed assets	61,298	58,0735
Other assets	29,587	45,159
Intangibles	136,813	153,166
Total Assets	$ 776,869	$ 763,757

Liabilities
(000's)

	1988	1987‡
Short-term borrowings	$ 153,606	$ 34,216
Accts. payable	75,654	62,132
Service contract deferred inc.	43,056	43,515
Payroll expenses	40,478	46,383
Other current liabilities	76,019	58,943
Curr. Liabilities	$ 388,813	$ 245,189
Long-term debt	108,630	212,914
Other liabilities	46,954	46,393
+Preferred stock	35	35
++Common stock	516	515
Add. paid-in capital	337,907	337,558
Notes receiv. from officers	(4,226)	(2,763)
Retained earnings (deficit)	(95,687)	(68,417)
Cum. trans. adjust.	(6,073)	(7,667)
Total Liabilities & Shareholders' Equity	$ 776,869	$ 763,757

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value; $2 convertible exchangeable.
++ $0.01 par value.

Statistical Summary

	1988	1987
% Net Income to Equity	—	4.96
Debt to Equity	1.13	0.95
Working Capital	$ 160,358,000	$ 78,159,000
Current Ratio	1.41	1.32
Shareholders' Equity	$ 232,472,000	$ 259,261,000

Amdahl Corporation

(44%-owned by Fujitsu Limited)

1250 East Arques Avenue
Sunnyvale, California 94088-3470
(408) 746-6000

Officers: John C. Lewis, chairman of the board & chief executive officer; Eugene R. White, vice chairman; E. Joseph Zemke, president & chief operating officer; Edward F. Thompson, v.p., chief financial officer & secretary; William F. O'Connell, Jr., sr. v.p.-corporate strategy; Bruce O. Beebe, sr. v.p.-product operations; David M. Brewer, v.p.-processor products; Michael R. Clements, chief technical officer & v.p.-advanced development; Joseph J. Franceconi, sr. v.p.-customer services, communications systems & corp. info. services; E. Ted Springstead, sr. v.p.-marketing operations; Anthony M. Pozos, sr. v.p.-industrial relations & corporate services; William Flanagan, v.p.-manufacturing; Ernest B. Thompson, v.p. & controller; Thomas F. O'Rourke, v.p.-storage business development; Daniel W. Tierney, v.p.-corp. operations & administration systems; Frederick M. Trapnell, Jr., v.p.-products development; David L. Beamer, v.p.-U.S. sales operations; O. J. Nutt, v.p.-corp. marketing; David L. Anderson, v.p.-advanced systems; William F. Ferone, v.p.-UNIX systems; Eric L. Miles, v.p.-systems software; James A. Wendling, controller-corp. operations; Thomas J. Meredith, asst. treasurer; G. Gregory Handschuh, asst. secretary; Oscar A. Rosenbloom, asst. secretary; Paul B. Hamilton, asst. controller.

Directors: John C. Lewis, chairman; E. F. Heizer, Jr., Burton G. Malkiel, Walter B. Reinhold, R. Stanley Laing, J. Sidney Webb, Yoshinao Hirose, George R. Packard, Kazuo Watanabe, Eugene R. White, E. Joseph Zemke, Yasushi Nakamura.

Areas of Work: Designs, develops, manufactures, markets and services large-scale, high-performance, general-purpose and scientific computer systems, storage products, communications systems, software, and educational products.

Divisions and Subsidiaries:

Amdahl Canada Limited
1 First Canadian Place, 5th Floor
P.O. Box 123
Toronto, Ontario M5X 1A4, Canada
(416) 862-7479

Amdahl Belgium S.A.
360 Boulevard du Souverain, Sixth Floor
1160 Brussels, Belgium

Amdahl Danmark Computer Systems A/S
Sundkrogsgade 2
DK-2100 Kodenhaven oe, Denmark

Amdahl Deutschland GmbH
Arabella Strasse 21
P.B. 810109
D-8000 Muenchen 81, West Germany

Amdahl Nederland B.V.
Havenweg 24
4130 EB Vianen
Amsterdam, The Netherlands

Amdahl France S.A.R.L.
Maillot 2000
251 Boulevard Pereire
75853 Paris, Cedex 17, France

Amdahl Italia, S.p.A.
Viale Castello
Della Magliana, 75
Rome 00148, Italy

Amdahl Norge A/S
Brynsveien 3
P.O. Box 6221
Etterstad, 0603, Oslo 6, Norway

Amdahl Svenska AB
Svardvagen 11
Box 150
S-182 12 Danderyd, Sweden

Amdahl Schweiz AG
Baumacherstrasse 46
CH-8050 Zurich, Switzerland

Amdahl Ireland, Limited
Balheary Industrial Park
Swords, County Dublin, Ireland

Amdahl Communications Systems Division
2500 Walnut Avenue
Marina del Rey, California 90291

Designs, produces, markets, installs and services equipment (excluding transmission facilities) and software that constitute digital communications networks.

Amdahl (U.K.) Limited
Viking House
29/31 Lampton Road
Hounslow, Middlesex TW3 1JD, England

Communications Systems Division
1320 Shawson Drive
Mississauga, Ontario L4W 1C3, Canada
(416) 678-9504

Amdahl Australia Pty Ltd.
Number 1 Pacific Highway
North Sydney NSW 2060, Australia

Amdahl International Hong Kong
3804-06, 38/F
Bond Centre/West Tower
89 Queensway, Hong Kong

Amdahl International Singapore
35-03 Shell Tower
50 Raffles Place,
Singapore 0104

Amdahl International New Zealand
First Floor, Natwest House
132 The Terrace, P.O. Box 5004
Wellington, New Zealand

Amdahl Pacific Basin Operations, Inc.
16th Floor, Silom Centre Building
2 Silom Road
Bankok, 10500, Thailand

Transfer Agent(s):

Bank of America, NT & SA
San Francisco, CA; New York, New York

Stock Exchange(s): American, London

Ticker Symbol: AMH

Number of Employees:

1988	8,300	1985	6,900
1987	7,650	1984	7,000
1986	7,200		

Plant Footage:

1988	2,700,000 sq. ft.	1985	N.A.
1987	1,967,551	1984	1,900,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income ‡
1988	$ 1,801,807,000	$ 223,333,000
1987	1,505,160,000	145,985,000
1986	966,349,000	41,829,000
1985	862,032,000	28,706,000
1984	779,413,000	36,429,000

	No. of Com. Shares #	Earn. per Share ‡ #
1988	107,334,000	$ 2.08
1987	103,722,000	1.41
1986	97,702,000	0.43
1985	95,178,000	0.30
1984	91,138,000	0.40

‡ Including extraordinary gains of $9,500,000 ($0.09 per share) in 1988, $4,000,000 ($0.04 per share) in 1987, $2,500,000 ($0.03 per share) in 1986 and $4,300,000 ($0.04 per share) in 1985.

# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.10	—	2-for-1
1987	0.10	—	
1986	0.10	—	—
1985	0.10	—	—
1984	0.10	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 1,010,821,000	$ 9.42
1987	765,706,000	7.38
1986	500,704,000	5.12
1985	457,760,000	4.81
1984	428,300,000	4.70

+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	12/30/88	12/25/87
Revenues	$ 1,801,807	$ 1,505,160
Cost of revenues	968,555	825,918
Expenses	508,612	427,237
Interest income	(50,355)	(33,128)
Interest expense	13,962	18,148
Income before taxes	$ 361,033	$ 266,985
Income taxes	147,200	125,000
Net Income	$ 213,833	$ 141,985
Extraordinary gain	9,500	4,000
Net Income & extraordinary gain	$ 223,333	$ 145,985

* Included in Costs and Expenses, Depreciation and Amortization: $112,372,000 in 1988 and $107,260,000 in 1987.

Assets
(000's)

As of	12/30/88	12/25/87
Cash & short-term invest.	$ 526,492	$ 538,677
Receivables	503,062	416,820
*Inventories	403,847	192,012
Prepaid expenses & def. tax benefit	50,568	30,760
Current Assets	$ 1,483,969	$ 1,178,269
Long-term receiv.	34,512	53,321
#Fixed assets	412,382	275,948
Total Assets	$ 1,930,863	$ 1,507,538

Liabilities
(000's)

Notes payable	$ 49,611	$ 58,923
Accts. payable	46,992	48,190
Accts. pay.-stockholder	170,054	111,259
Accrued liabilities	416,653	306,548
Curr. Liabilities	$ 683,310	$ 524,920
Long-term debt	95,305	99,056
Deferred inc. taxes	141,427	117,856
+Common stock	5,315	5,233
Add. paid-in capital	434,717	411,597
Retained earnings	561,654	348,876
Cum. trans. adjust.	9,135	—
Total Liabilities & Shareholders' Equity	$ 1,930,863	$ 1,507,538

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ 0.05 par value.

Statistical Summary

%Income bef. Taxes to Revenues	20.04	17.74
%Net Income to Revenues	11.87	9.43
%Net Income to Equity	21.15	18.54
Debt to Equity	0.14	0.21
Working Capital	$ 800,659,000	$ 653,349,000
Current Ratio	2.17	2.24
Shareholders' Equity	$ 1,010,821,000	$ 765,706,000

American Precision Industries Inc.

2777 Walden Avenue
Buffalo, New York 14225
(716) 684-9700

Officers: Robert J. Fierle, chairman & president; Richard P. Becht, exec. v.p.-administration; John M. Murray, v.p.-finance & treasurer; William A. Donovan, secretary; James W. Bevevino, exec. v.p.-operations; Donald C. McElheny, v.p. & president-Electronic Components Group; Richard S. Warzala, v.p. & president-Controls Division; Rudolph Kristich, president-Heat Transfer Group; Thomas M. Huebsch, controller; Leslie A. Marotto, asst. secretary.

Directors: Robert J. Fierle, chairman; William A. Donovan, John M. Henske, Clark Daugherty, Bernard J. Kennedy, William P. Panny, John M. Albertine.

Areas of Work: Designs and manufactures ultraprecision mechanisms for industry and government. The Industrial Process Equipment segment of the business produces heat transfer products for manufacturers of gas compressors, steam and gas turbines, diesel engines, compressed air dryers, air conditioning equipment and hydraulic systems. The Electronic Components segment manufactures and sells high reliability micro-miniature coils, electromagnetic clutches and brakes, step motors, and controllers to the industrial, computer, telecommunications, military, aerospace and business machine markets.

Divisions:

Basco Division
2777 Walden Avenue
Buffalo, New York 14225
(716) 684-6700

Designs and manufactures standard and custom heat transfer products, such as heat exchangers and condensers for commercial and industrial use.

Delevan Division
270 Quaker Road
East Aurora, New York 14052
(716) 652-3600

Designer and manufacturer of microminiature coil and transformer products used mainly by computer manufacturers, producers of data communication systems, and as part of the electronics necessary for governmental space probes. Other products include miniature electromechanical brakes and clutches used in data processing equipment, aerospace control systems, voting machines and numerically controlled machine tools.

Deltran Division
4401 Genesee Street
Buffalo, New York 14225
(716) 631-9800

Designs and manufactures electromechanical clutches and brakes for manufacturers of business machines, computer peripherals, aircraft and medical test equipment.

Air Cooled Applications Division
465 Ohio Street
Lockport, New York 14094
(716) 433-3053

Surface Mounted Devices Division
274 Sandusky Road
Arcade, New York 14009
(716) 496-5755

Manufactures surface mounted inductors.

API of Florida Division
5801 Silver Springs Boulevard
Silver Springs, Florida 32688
(904) 236-1261

American Precision Industries Inc.

Rapidsyn Division
3229 Roymar Road
Oceanside, California 92054
(619) 439-7500

Designs, manufactures, and sells step motors to the machine tool, robotics, computer hardware, business machine, aircraft, aerospace and military related industries.

Controls Division
4401 Genesee Street
Buffalo, New York 14225
(716) 631-9800

Designs, manufactures and markets electronic step motor control products.

Subsidiaries:

American Precision Industries (U.K.) Ltd.
Aldwych House
Aldwych
London WC2B 4JP, England

API Development Corporation
2777 Walden Avenue
Buffalo, New York 14225

Nitta-Apitron Co., Ltd. (50% owned)
55-1 2chome, Honmachi, Higashi-Ku
Osaka 541, Japan

API-FS Corporation
5 Norre Gade
St. Thomas, U.S. Virgin Islands

API of Canada, Inc.
698 Wilson Avenue
Kitchener, Ontario N2C 1H9, Canada

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: APR

Number of Employees:

1988	866	1986	670
1987	840	1985	620

Plant Footage:

1988	272,500 sq. ft.	1986	253,800
1987	253,800		

Sales & Earnings

	Net Sales	Net Income
1988	$ 49,731,000	$ 3,571,000
1987	37,609,000	1,611,000
1986*	34,469,000	813,000
1985	34,542,000	1,595,000
1984	38,601,000	2,866,000

	No. of Com. Shares +	Earn. per Share #
1988	5,845,000	$ 0.61
1987	5,806,000	0.28
1986	5,785,000	0.14
1985	5,793,000	0.28
1984	5,764,000	0.50

* 53 weeks.
+ Adjusted to reflect stock dividend and stock splits.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend and stock splits.

Revenues by Line of Business

	1988	1987
Indust. process equip.	$ 19,121,000	$ 14,106,000
Electronic components	30,124,000	23,066,000
General corporate	486,000	437,000
Total	$ 49,731,000	$ 37,609,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1988	$ 0.1675	—	5-for-4
1987	0.156	—	
1986	0.140	—	5-for-2
1985	0.125	10%	—
1984	0.101	—	3-for-2

† Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 22,071,000	$ 3.78
1987	19,519,000	3.36
1986	18,719,000	3.23
1985	18,936,000	3.27
1984	17,958,000	3.11

† Adjusted to reflect stock dividend and stock splits.

Income Account*

Year ended	12/30/88	1/1/88
Revenues	$ 49,731,000	$ 37,609,000
Cost of sales	32,037,000	25,407,000
Expenses	11,468,000	8,801,000
Interest expense	127,000	123,000
Other expense	635,000	447,000
Income before taxes	$ 5,464,000	$ 2,831,000
Income taxes	1,893,000	1,220,000
Net Income	$ 3,571,000	$ 1,611,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,167,000 in 1988 and $1,066,000 in 1987.

Assets

As of	12/30/88	1/1/88
Cash & cert. of deposit	$ 2,085,000	$ 2,803,000
Accts. & notes receiv., net	7,585,000	6,069,000
Marketable secur.	1,820,000	480,000
*Inventories	5,647,000	5,315,000
Prepaid income taxes & and other expenses	1,726,000	1,537,000
Current Assets	$ 18,863,000	$ 16,204,000
Investments	5,097,000	2,195,000
#Fixed assets	4,969,000	5,394,000
Other assets	1,933,000	1,034,000
Total Assets	$ 30,862,000	$ 24,827,000

Liabilities

Long-term debt, curr.	$ 271,000	$ 189,000
Accts. payable	2,342,000	2,401,000
Accrued payroll	1,413,000	493,000
Other accruals	247,000	232,000
Dividends payable	248,000	232,000
Income taxes	—	272,000
Deferred inc. taxes	135,000	—
Curr. Liabilities	$ 4,656,000	$ 3,819,000
Long-term debt	4,135,000	1,489,000
+ Common stock	3,924,000	3,119,000
Add. paid-in capital	9,695,000	10,221,000
Retained earnings	9,137,000	6,547,000
Unreal. loss on eq. secur.	(317,000)	—
Treasury stock	(368,000)	(368,000)
Total Liabilities & Shareholders' Equity	$ 30,862,000	$ 24,827,000

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $.66 2/3 par value.

Statistical Summary

%Income before Taxes to Sales	11.10	7.53
%Net Income to Sales	7.25	4.28
%Net Income to Equity	16.18	8.25
Sales to Inventories	8.72	7.08
Debt to Equity	0.20	0.09
Working Capital	$ 14,207,000	$ 12,385,000
Current Ratio	4.05	4.24
Shareholders' Equity	$ 22,071,000	$ 19,519,000

American Science and Engineering, Inc.

Fort Washington
Cambridge, Massachusetts 02139
(617) 868-1600

Officers: Martin Annis, chairman of the board & president; Clayton R. Annis, sr. v.p. & treasurer; Carolus M. Cobb, v.p.-chief chemist; James E. Powers, sr. v.p. & dir.-contracts and markets; Paul J. Bjorkholm, sr. v.p.-research; Timothy I. Fillion, v.p.-engineering; M. David Adler, controller; James C. Nemiah, clerk & general counsel.

Directors: Martin Annis, chairman; Carolus M. Cobb, Alvin S. Hochberg, Herman Feshbach, Ismael Escobar, Clayton R. Annis, Marie T. Spaulding.

Divisions:

Instrument Systems Division
Cambridge, Massachusetts 02139
(617) 868-1600

Designs and manufactures high technology products including MICRO DOSE X-RAY Inspection Systems for the detection of contraband and X-Ray systems for medical instrumentation.

ASEP Division
Cambridge, Massachusetts 02139
(617) 868-1600

Produces load management systems under the trade name ASEP. This system is bidirectional, offers load status, automatic time-of-use metering, automatic load survey, and load control.

Space Division
Cambridge, Massachusetts

Designs and builds scientific equipment payloads for NASA, primarily in the field of X-Ray astronomy.

Subsidiary:

AS&E Radiography, Inc.

Transfer Agent(s):

American Stock Transfer and Trust Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: ASE

Number of Employees:

1988	242	1985	233
1987	249	1984	250
1986	285		

Plant Footage:

1988	124,000 sq. ft.	1986	124,000
1987	124,000		

Sales & Earnings

	Total Revenues +	Net Income #
1988	$ 18,698,000	$ (1,332,000)
1987	20,127,000	(383,000)
1986	23,691,000	781,000
1985	20,529,000	(1,027,000)
1984	19,127,000	(952,000)

	No. of Com. Shares ‡	Earn. per Share #‡
1988	3,694,000	$ —
1987	3,694,000	—
1986	3,641,000	0.21
1985	3,576,000	—
1984	2,821,000	—

(Loss)
+ Of continuing operations only.
# Including extraordinary gain of $363,000 ($0.10 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Energy & space systems	$ 14,651,000	$ 16,960,000
X-ray inspection & med. systems	4,047,000	3,123,000
Corporate	—	44,000
Total	$ 18,698,000	$ 20,127,000

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 8,858,000	$ 2.40
1987	10,190,000	2.76
1986	10,076,000	2.78
1985	9,295,000	2.56
1984	7,787,000	2.61

Income Account *

Year ended March 31	1987	1986
Total revenue	$ 20,127,000	$ 23,691,000
Cost of sales & contracts	16,532,000	19,175,000
Expenses	4,332,000	4,449,000
Oper. loss	$ (1,528,000)	$ (737,000)
Other income	(354,000)	(804,000)
Net Loss	$ (1,332,000)	$ (383,000)

* Included in Costs and Expenses, Depreciation and Amortization: $463,000 in 1987 and $535,000 in 1986.

Assets

As of March 31	1988	1987
Cash	$ 180,000	$ 278,000
Short-term invest.	1,671,000	2,021,000
Accts. receiv., net	3,573,000	4,777,000
Notes receiv.	109,000	96,000
Unbilled costs & fees	856,000	508,000
Prepaid expenses	195,000	99,000
Inventories	4,045,000	2,722,000
Current Assets	$ 10,629,000	$ 10,501,000
Notes receivable	634,000	743,000
#Fixed assets	1,029,000	1,073,000
Intangibles	333,000	475,000
Unbilled costs	560,000	207,000
Total Assets	$ 13,185,000	$ 12,999,000

Liabilities

Long-term debt, curr.	$ —	$ 74,000
Accts. payable	1,337,000	719,000
Accrued salary	571,000	646,000
Income taxes	130,000	46,000
Cust. deposits	807,000	238,000
Other accruals	535,000	148,000
Curr. Liabilities	$ 3,380,000	$ 1,871,000
Deferred rent	326,000	249,000
Deferred compensation	127,000	124,000
Deferred gain	494,000	365,000
+Common stock	2,602,000	2,602,000
Add. paid-in capital	11,362,000	11,362,000
Deficit	(4,812,000)	(3,480,000)
Treasury stock	(294,000)	(294,000)
Total Liabilities & Shareholders' Equity	$ 13,185,000	$ 12,999,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.66 2/3 par value.

Statistical Summary

Debt to Equity	—	0.01
Working Capital	$ 7,249,000	$ 8,630,000
Current Ratio	3.14	5.61
Shareholders' Equity	$ 8,858,000	$ 10,190,000

American Telephone & Telegraph Company

550 Madison Avenue
New York, New York 10022-3297
(212) 605-5500

Officers: Robert E. Allen, chairman & chief executive officer; Charles Marshall, vice chairman; Morris Tanenbaum, vice chairman & chief financial officer; Randall L. Tobias, vice chairman; John E. Berndt, sr. v.p.-International Services Division; W. Frank Blount, pres.-Network Operations Group; Michael A. Brunner, exec. v.p.-federal systems; Robert M. Kavner, president-Data Systems Group; John T. O'Neill, exec. v.p.-network systems group; Alfred C. Partoll, sr. v.p.-external affairs; Victor A. Pelson, pres.-General Markets Group; Ian M. Ross, pres.-AT&T Bell Laboratories; John R. Smart, sr. v.p.-business sales; Alexander C. Stark, Jr., sr. v.p.-communications systems; Thomas R. Thomsen, pres.-AT&T Technology Systems Group; E. Wayne Weeks, Jr., pres.-AT&T Networks Systems Group; Sam R. Willcoxon, pres.-Business Markets Group; John D. Zeglis, sr. v.p. & gen. counsel; James R. Billingsley, sr. v.p.-federal regulation; Harold W. Burlingame, sr. v.p.-human resources; Marilyn Laurie, sr. v.p.-public relations & employee information; John L. Segall, sr. v.p.-corp strategy & development; Gerald M. Lowrie, sr. v.p.-public affairs; S. J. Buchsbaum, exec. v.p.-customer systems, AT&T Bell Laboratories; John A. Hinds, president-AT&T International; William B. Marx, Jr., exec. v.p.-Network Systems Group; J. S. Mayo, exec. v.p.-network systems, AT&T Bell Laboratories; William J. Warwick, president-AT&T Microelectronics; C. Perry Colwell, sr. v.p.-financial management; S. Lawrence Prendergast, corp. v.p. & treasurer; Roger F. Davis, corp. v.p. & controller; Robert E. Scannell, corp. v.p.-law & secretary.

Directors: Philip M. Hawley, Edward G. Jefferson, Belton K. Johnson, Rawleigh Warner, Jr., James H. Evans, Peter E. Haas, Juanita M. Kreps, Donald S. Perkins, Henry B. Schacht, Thomas H. Wyman, Robert Allen, Charles Marshall, Michael I. Sovern, Morris Tanenbaum, Joseph D. Williams, Donald F. McHenry, Randall L. Tobias, Walter Y. Elisha, M. Kathryn Eickhoff, Franklin A. Thomas.

Areas of Work: The company has been reorganized into two sectors: AT&T Communications provides long distance services throughout the United States and to most of the rest of the world; AT&T Technologies are business groups producing network systems, components and electronic systems, computers, business information systems, consumer products for home and business and systems for the Federal government. Worldwide business interests are managed by AT&T International. Bell Telephone Laboratories, a research and development subsidiary, serves both sectors. The company also operates approximately 900 phone centers selling telephones and related equipment.

Divisions and Subsidiaries:

AT&T Communications, Inc.
Provides inter- and intrastate communication long distance services between telephone company boundaries as well as service to some 200 countries and territories around the globe.

AT&T Technologies, Inc.
Encompasses seven lines of business, including former subsidiary Western Electric. These segments are: AT&T Bell Laboratories, Network Systems, Information Systems, Consumer Products, Technology Systems, and AT&T International.

American Transtech, Inc.
Provides shareholder services.

AT&T International, Inc.

Bell Telephone Laboratories, Inc.

AT&T Information Systems Inc.

AT&T Resource Management Corporation

AT&T Credit Corporation

Actuarial Sciences Associates, Inc.
Financial consulting services.

AT&T Network Systems International (60%-owned)
The Netherlands
Designs, develops, manufactures and markets network systems products in Europe and elsewhere.

AT&T Microelectronica de Espana S.A. (80%-owned)
Spain
Designs and produces custom integrated circuits for the European market.

AT&T Ricoh Company, Ltd. (51%-owned)
Japan
Manufactures a Japanese version of AT&T's Merlin II system.

AT&T Taiwan Telecommunications Co., Ltd. (70%-owned)
Taiwan
Manufactures switching systems.

Transfer Offices:

American Transtech
P.O. Box 45048
Jacksonville, Florida 32232-5048

Stock Exchange(s): New York, Boston, Philadelphia, Pacific, Midwest, London, Paris, Zurich, Lausanne, Geneva, Tokyo, Amsterdam, Brussels

Ticker Symbol: T

Number of Employees:

1988	304,500
1987	303,000
1986	316,900
1985	337,600
1984	365,200

Note: On Jan. 1, 1984, AT&T was required by Court order to divest those parts of the Bell System operating telephone companies that provided local exchange and exchange access services and printed directory advertising. As a consequence of divestiture, current financial results are not comparable to those prior to 1984.

Plant Footage:

1988 ..... 24,482,000 sq. ft.

Sales & Earnings

	Operating Revenues (000's)	Net Income (000's)
1988	$ 35,210,000	$ (1,669,000)
1987	33,768,000	2,044,000
1986	34,213,000	139,000
1985	34,496,000	1,557,000
1984	33,187,000	1,370,000

	No. of Com. Shares #	Earn. per Share #
1988	1,075,000,000	$ —
1987	1,073,000,000	1.88
1986	1,071,000,000	0.05
1985	1,057,900,000	1.37
1984	1,010,000,000	1.25

Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.20	—	—
1987	1.20	—	
1986	1.20	—	—
1985	1.20	—	—
1984	1.20	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	$ 11,465,000	$ 10.68
1987	14,455,000	13.46
1986	13,550,000	12.64
1985	14,633,300	13.68
1984	13,762,900	13.26

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Sales of serv.	$ 20,833,000	$ 19,830,000
Sales of prods.	11,334,000	10,206,000
Rental revenues	3,043,000	3,732,000
Total oper. revenues	$ 35,210,000	$ 33,768,000
Cost of service	15,550,000	8,885,000
Cost of prod.	6,571,000	6,000,000
Cost of rentals	1,454,000	1,766,000
Expenses	14,702,000	13,601,000
Other income	(269,000)	(303,000)
Interest expense	584,000	634,000
Inc. (loss) bef. taxes	$ (3,382,000)	$ 3,185,000
Income taxes (credit)	(1,713,000)	1,141,000
Net Income (Loss)	$ (1,669,000)	$ 2,044,000

* Included in Costs and Expenses, Depreciation: $3,690,000,000 in 1988 and $3,754,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. cash invest.	$ 2,021,000	$ 2,787,000
Accts. receiv., net	8,907,000	8,038,000
* Inventories	3,392,000	3,157,000
Def. income taxes	1,162,000	1,175,000
Other curr. assets	120,000	165,000
Current Assets	$ 15,602,000	$ 15,322,000
Investments	859,000	754,000
# Fixed assets	15,280,000	20,808,000
Other assets	3,411,000	2,589,000
Total Assets	$ 35,152,000	$ 39,473,000

Liabilities
(000's)

Accts payable	$ 4,948,000	$ 4,634,000
Payroll rel. liab.	2,435,000	2,333,000
Long-term debt, curr.	1,139,000	1,001,000
Dividends payable	322,000	323,000
Other curr. liab.	2,381,000	2,598,000
Curr. Liabilities	$ 11,225,000	$ 10,889,000
Long-term debt	8,128,000	7,917,000
Other liabilities	1,462,000	1,053,000
Deferred inc. taxes	1,653,000	3,467,000
Unamort. invest. tax credit	883,000	1,342,000
Other deferred credits	336,000	268,000
Redeem. preferred stock	—	82,000
+ Common stock	1,074,000	1,074,000
Add. paid-in capital	8,613,000	8,605,000
Retained earnings	1,778,000	4,776,000
Total Liabilities & Shareholders' Equity	$ 35,152,000	$ 39,473,000

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	9.43
%Net Income to Revenues	—	6.05
%Net Income to Equity	—	14.14
Debt to Equity	0.81	0.62
Working Capital (000's)	$ 4,377,000	$ 4,433,000
Current Ratio	1.39	1.41
Shareholders' Equity (000's)	$ 11,465,000	$ 14,455,000

Ametek, Inc.

21st Floor
410 Park Avenue
New York, New York 10022
(212) 935-8640

Operations Headquarters:
Station Square Two
Paoli, Pennsylvania 19301
(215) 647-2121

Officers: John H. Lux, chairman of the board and chief executive officer; Robert L. Noland, president; Gerald G. Loehr, exec. v.p.-Western operations; John P. Dandalides, exec. v.p.-Eastern operations; Neal R. Stark, v.p.-compliance; Robert A. Russell, v.p.-marketing; Murray A. Luftglass, sr. v.p.-corporate development; Allan Kornfeld, sr. v.p. & chief financial officer; Otto W. Richards, comptroller; Wallace E. Cowan, secretary; Robert W. Yannarell, treasurer & asst. secretary; William H. Spencer, v.p.-market development; John K. Whipple, v.p.-systems.

Directors: Hulbert S. Aldrich, Helmut N. Friedlaender, Wallace E. Cowan, Charles D. Klein, John H. Lux, Robert L. Noland, Anthony A. Sirna, III, Lewis G. Cole, Elizabeth R. Varet.

Areas of Work: A diversified manufacturer producing capital goods and components used in consumer products through its four operating groups: Electro-mechanical, Precision Instruments, Process Equipment, and Industrial Materials.

Divisions:

Electro-Mechanical Group

Lamb Electric
627 Lake Street
Kent, Ohio 44240
(216) 673-3451
Fractional horsepower electric motors and blowers for commercial and home appliances.

Eastport International
501 Prince George's Center Blvd.
Upper Marlboro, Maryland 20772
(301) 249-3300
Electrol/acoustic systems, field operation and maintenance of unmanned undersea vehicles.

Ametek Offshore (Scotland) Co.
Aberdeen, Scotland
Production and maintenance of unmanned submarines.

Los Angeles Die Casting
340 Croker Street
Los Angeles, California 90013
(213) 624-2322
Custom aluminum and zinc die-casting.

Straza
790 Greenfield Drive
El Cajon, California 92022
(619) 442-3451
Aerospace components, electro-acoustic and cryogenic systems.

Houston Instrument
8500 Cameron Road
Austin, Texas 78753
(512) 835-0900
Computer graphic peripherals, including CAD and business graphics plotters, optical scanners and digitizing tablets, plus X-Y and strip-chart recorders.

Offshore Research & Engineering
41 Aero Camino
Santa Barbara, California 93160
(805) 683-2151
Off-shore systems engineering.

Elettromotori Crema S.P.A. (62%-owned)
Via de Gasperi, 18/A
I 26010 Ripalta Cremasca (CR)
(0373) 68628 r.a., Italy
Manufactures electric motors.

Precision Instruments Group

McCrometer
3255 W. Stetson Avenue
Hemet, California 92343
(714) 652-6811
Specialty flowmeters.

Controls
820 Pennsylvania Boulevard
Feasterville, Pennsylvania 19047
(215) 355-6900
Electronic-pneumatic instruments, recorders, controllers.

Mansfield & Green
8600 Somerset Drive
Largo, Florida 33543
(813) 536-7831
Pressure testing and calibration instruments.

Panalarm
7401 N. Hamlin Avenue
Skokie, Illinois 60076
(312) 675-2500
Supplier of electrical/electronic and fiber optic process monitoring instruments.

U.S. Gauge
900 Clymer Avenue
Sellersville, Pennsylvania 18960
(215) 257-6531
Pressure and temperature gauges for general industrial use, aircraft and automotive instrumentation, electronic pressure transducers, digital and liquid crystal graphic displays; Hunter Spring Neg'ator and Spir'ator constant force springs.

Rodan
2905 Blue Star Street
Anaheim, California 92806
(714) 630-0081
Thermistors, electronics.

Thermox Instruments
150 Freeport Road
Pittsburgh, Pennsylvania 15238
(412) 828-9040
Oxygen measuring instruments and combustibles analyzers.

Process Equipment Group

Heat Transfer Equipment
2300 W. Marshall Drive
Grand Prairie, Texas 75050
(214) 647-2626
Heat exchangers, refrigeration systems and package chillers.

Process Equipment
9484 Mission Park Place
Santee, California 92071
(619) 449-0205

Tolhurst centrifuges, fabrics for filtration equipment, Valley Foundry presses and associated equipment.

Schutte & Koerting
2233 State Road
Bensalem, Pennsylvania 19020
(215) 639-0900

Jet apparatus, flow measuring instruments, valves and desuperheaters.

Industrial Materials Group

Aluminum Extrusion
3042 Treadwell Street
Los Angeles, California 90065
(213) 255-1511

Extruded and custom-finished aluminum for automotive aircraft, appliance and communications industries.

Plymouth Products
502 Indiana Avenue
Sheboygan, Wisconsin 53081
(414) 457-9435

Proprietary plastic products for utility and traffic control uses; custom molding for original equipment manufacturers.

Carsonite
2900 Lockheed Way
Carson City, Nevada 89701
(702) 883-5104

Produces composite materials components for highway, utility and recreation areas.

Composite Materials
2900 Blue Star Street
Anaheim, California 92806
(714) 632-9790

Engineering guidance in the use of composite materials.

Westchester Plastics
Green Acres Industrial Park
Nesquehoning, Pennsylvania 18240
(717) 645-2191

Custom-formulated industrial plastic compounds.

Special Filaments
8335 Telegraph Road
Odenton, Maryland 21113
(301) 569-4500

Monofilaments and thermoplastic materials.

Microfoam
265 Route 202
Chadds Ford, Pennsylvania 19317
(215) 358-1180

Produces low-density polypropylene foam packaging materials.

Haveg
900 Greenbank Road
Wilmington, Delaware 19808
(302) 995-0400

Corrosion-resistant tanks, towers, valves and piping.

Specialty Metal Products
21 Toelles Road
Wallingford, Connecticut 06492
(203) 265-6731

High-purity metals and alloys in powdered and strip form for use in electronics and metal fabrication.

Research & Development

Microelectronics
605 S. Douglas Street
El Segundo, California 90245
(213) 640-2860

Semiconductor chip design and processing, components for solid-state instruments.

Computer Research
Monrovia, California

Electrical Systems
Kent, Ohio

Electronic Systems
Harleysville, Pennsylvania

Photovoltaic/Applied Materials
Harleysville, Pennsylvania

Superconductivity Research

Developing and testing different superconductive materials for potential commercial applications.

Subsidiaries & Affiliates:

AMETEK (Canada) Ltd.
Montreal, Quebec, Canada

Laundry equipment for commercial, hospital and hotel installations; drycleaning equipment.

AMETEK, G.m.b.H.
Wiesbaden, West Germany

Management and marketing for AMETEK's foreign operations.

Ketema, Ltd.
Hamilton, Bermuda

Metron, S.A.
Naucalpan de Juarez, Mexico

AMETEK-licensed instruments in Latin America.

Acquisition (s):

Sensor Labs, Inc.

A California-based manufacturer of solid-state thermistors which respond electronically to temperature changes.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
One New York Plaza
New York, New York 10015

Stock Exchange(s): New York, Pacific

Ticker Symbol: AME

Number of Employees:

1987	7,000	1984	6,100
1986	6,300	1983	5,900
1985	6,600		

Plant Footage:

1987 .... 4,488,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income #
1987	$ 620,120,948	$ 41,174,843
1986	568,492,605	36,584,031
1985	502,788,757	34,935,112
1984	503,925,648	42,696,640
1983	448,152,359	37,753,023

	No. of Com. Shares ‡	Earn. per Share † #
1987	$ 43,924,000	$ 0.94
1986	43,809,000	0.83
1985	44,033,000	0.80
1984	43,750,000	0.98
1983	43,426,000	0.87

‡ Adjusted to reflect stock splits.
† Based on the average number of shares outstanding adjusted to reflect stock splits.
# Including extraordinary gain of $5,671,423 ($0.13 per share) in 1983.

Revenues by Line of Business

	1987	1986
Electro-mechanical	$ 257,120,000	232,592,000
Process equipment	47,157,000	47,568,000
Precision instruments	151,809,000	143,240,000
Industrial materials	164,035,000	145,093,000
Total	$ 620,121,000	$ 568,493,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1987	$ 0.525	—	2-for-1
1986	0.50	—	
1985	[illegible]	—	—
1984	0.40	—	—
1983	[illegible]	—	2-for-1

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	252,923,919	$ 5.76
1986	231,066,984	5.27
1985	219,692,852	4.99
1984	200,912,456	4.59
1983	175,683,331	4.05

‡ Adjusted to reflect stock splits.

Income Account

Year ended Dec. 31	1987	1986
Net sales	$ 620,120,948	$ 568,492,605
Cost of sales	464,534,818	436,554,100
Expenses	71,292,569	68,661,509
Depreciation	18,371,690	20,317,883
Other expense (income)	624,028	(11,504,918)
Income before taxes	$ 65,297,843	$ 54,464,031
Income taxes	24,123,000	17,880,000
Net Income	$ 41,174,843	$ 36,584,031

Assets

As of Dec. 31	1987	1986
Cash	$ 174,958,047	$ 173,533,703
Accts. & notes receiv., net	92,592,406	75,955,649
* Inventories	58,963,511	52,430,486
Prepaid expenses & deposits	11,805,574	13,564,682
Current Assets	$ 338,319,538	$ 315,484,520
# Fixed assets	136,281,279	121,622,274
Other assets	63,826,608	74,714,893
Total Assets	$ 538,427,425	$ 511,821,687

Liabilities

Long-term debt, curr.	$ 6,659,000	5,891,000
Accts. payable	35,897,955	30,867,979
Accruals	35,515,319	44,321,333
Income taxes	5,750,431	6,636,162
Curr. Liabilities	$ 83,822,705	$ 87,716,474
Long-term debt	155,532,438	152,036,229
Deferred inc. taxes	41,132,000	41,002,000
Long-term liabilities	5,016,363	—
+ Common stock	46,092,716	23,046,358
Add. paid-in capital	40,151	7,411,070
Retained earnings	221,540,044	218,597,458
Treasury stock	(17,416,400)	(17,120,190)
Loss on investment	(2,667,408)	(878,712)
Total Liabilities & Shareholders' Equity	$ 538,427,425	$ 511,821,687

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	10.53	9.58
% Net Income to Sales	6.64	6.44
% Net Income to Equity	16.28	15.83
Sales to Inventories	10.52	10.84
Debt to Equity	0.64	0.68
Working Capital	$ 254,496,833	$ 227,768,046
Current Ratio	4.04	3.60
Shareholders' Equity	$ 252,923,919	$ 231,066,984

Amoco Corporation

200 East Randolph Drive
Chicago, Illinois 60601
(312) 856-6111

Officers: Richard M. Morrow, chairman of the board; H. Laurance Fuller, president; James W. Cozad, vice chairman; Walter R. Peirson, exec. v.p.; Richard H. Leet, exec. v.p.; Rady A. Johnson, v.p.-public & government affairs; Edward A. Mason, v.p.-research; George S. Spindler, v.p. & general counsel; Richard L. Fischer, v.p.-government affairs; Frederick S. Addy, v.p.-finance; William R. Hutchinson, v.p. & treasurer; Ronald E. Callahan, secretary; Frederick J. Saathoff, controller; R. Wayne Anderson, v.p.-human resources; John R. Lyman, v.p.-planning & economics; William J. Montgomery, v.p.-supply; Walter R. Quanstrom, v.p.-environmental affairs & safety; Robert D. Cadieux, pres.-Amoco Chemical Company; Patrick J. Early, pres.-Amoco Production Company; Lawrason D. Thomas, pres.-Amoco Oil Company.

Directors: Richard M. Morrow*, chairman; Arthur E. Rasmussen, Robert H. Malott, Richard D. Wood, James W. Cozad*, Walter R. Peirson*, Karl D. Bays, Richard J. Ferris, Frederick G. Jaicks, H. Laurance Fuller*, John H. Bryan, Jr., Walter E. Massey, Richard H. Leet*, Ruth S. Block.

* Member of the Executive Committee

Areas of Work: Through its Amoco Technology Company subsidiary, a parent organization for five technology-based companies, the Company manufactures compact solid-state laser devices, complete excimer laser systems that produce ultraviolet light and are used primarily by semiconductor manufacturers, semicrystalline and amorphous silicon modules that produce electricity directly from sunlight; develops and markets computer software systems for the biotechnology industry, and is developing diagnostic detection systems based on nucleic acid probes.

Other major company activities include crude oil and natural gas exploration, production, purchasing, and transportation; manufacturing, transporting and marketing petroleum products, including chemicals, polymers, plastics and fertilizers; interests in minerals and real estate; the operation of two insurance companies; and the production of synthetic fabrics.

Electronics-related Subsidiaries:

Amoco Technology Company

Solarex Corporation
Rockville, Maryland
Manufactures both semicrystalline and amorphous silicon modules that produce electricity directly from sunlight.

Amoco Laser Company
Naperville, Illinois
Manufactures compact solid-state laser devices.

XMR Inc.
Santa Clara, California
Manufactures complete excimer laser systems that produce ultraviolet light and are used primarily by semiconductor manufacturers.

IntelliGenetics
Mountain View, California
Develops and markets computer software systems for the biotechnology industry.

GENE-TRAK Systems (50%-owned)
Developing diagnostic detection systems based on nucleic acid probes.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
P.O. Box 469
Washington Bridge Station
New York, New York 10033

The First National Bank of Chicago
Stock Transfer Dept., 0122
One First National Plaza
Chicago, Illinois 60670

The National Trust Company
Stock Transfer
4 King Street West
Toronto, Ontario M5H 3W7, Canada

Stock Exchange(s): New York, Midwest

Ticker Symbol: AN

Number of Employees:

1988	53,423	1985	49,545
1987	46,774	1984	53,581
1986	46,775		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 21,150,000	$ 2,063,000
1987	20,174,000	1,360,000
1986	18,281,000	747,000
1985	26,924,000	1,953,000
1984	26,955,000	2,183,000

	No. of Com. Shares †	Earn. per Share #
1988	517,066,000	$ 4.00
1987	515,269,000	2.65
1986	511,402,000	1.45
1985	517,456,000	3.71
1984	542,858,000	3.85

† Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Petroleum industry:		
Explor. & prod.	$ 3,342,000	$ 2,829,000
Refining, mktng. & trans.	15,994,000	15,762,000
Chemical industry	4,205,000	3,494,000
Other industries	107,000	146,000
Unallocated	271,000	225,000
Total	$ 23,919,000	$ 22,456,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 1.75	—	2-for-1
1987	1.65	—	
1986	1.65	—	—
1985	1.65	—	—
1984	1.50	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 13,342,000	$ 25.80
1987	12,107,000	23.50
1986	11,324,000	22.14
1985	11,588,000	22.39
1984	12,524,000	23.07

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales & other revenues	$ 21,150,000	$ 20,174,000
Consumer excise taxes	2,402,000	1,911,000
Other income	367,000	371,000
Total income	$ 23,919,000	$ 22,456,000
Cost of sales	12,321,000	12,340,000
Expenses	2,298,000	2,071,000
Taxes	3,207,000	2,840,000
Depreciation, depletion & amortization	2,318,000	2,295,000
Interest expense	468,000	410,000
Income bef. taxes	$ 3,307,000	$ 2,500,000
Income taxes	1,244,000	1,140,000
Net Income	$ 2,063,000	$ 1,360,000

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 233,000	$ 189,000
Marketable securities	294,000	1,359,000
Accts. & notes receiv., net	3,341,000	3,059,000
*Inventories	1,065,000	899,000
Prepaid expenses	460,000	393,000
Current Assets	$ 5,393,000	$ 5,899,000
Investments & other assets	1,431,000	1,072,000
#Fixed assets	23,095,000	18,151,000
Total Assets	$ 29,919,000	$ 25,122,000

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 225,000	$ 222,000
Short-term borrowings	444,000	468,000
Accts. payable	2,909,000	2,532,000
Accruals	984,000	999,000
Income taxes payable	906,000	972,000
Curr. Liabilities	$ 5,468,000	$ 5,193,000
Long-term debt	5,759,000	2,773,000
Cap. lease oblig.	290,000	308,000
Deferred credits	5,054,000	4,735,000
Minority interest	6,000	6,000
+ Common stock	2,208,000	2,114,000
Retained earnings	11,172,000	10,044,000
For. curr. trans. adj.	(38,000)	(51,000)
Total Liabilities & Shareholders' Equity	$ 29,919,000	$ 25,122,000

* At lower of current market value or cost. Crude oil, petroleum prods., chemical prods. at LIFO. All others at FIFO or average.
# Less accumulated depreciation, depletion and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales & Revenues	15.64	12.39
%Net Income to Sales & Revenues	9.75	6.74
%Net Income to Equity	15.46	11.23
Debt to Equity	0.50	0.31
Working Capital (000's)	—	$ 706,000
Current Ratio	—	1.14
Shareholders' Equity (000's)	$ 13,342,000	$ 12,107,000

AMP Incorporated/Pamcor, Inc.

470 Friendship Road
P.O. Box 3608
Harrisburg, Pennsylvania 17105-3608
(717) 564-0100

Officers: Walter F. Raab, chairman of the board & chief executive officer; Harold A. McInnes, vice chairman; James E. Marley, president; Ted L. Dalrymple, v.p.-director of marketing; Mark L. Miller, treasurer; Benjamin Savidge, exec. v.p. & chief financial officer; Hugo A. Walfred, secretary; James T. Gavin, controller; William J. Hudson, v.p.-Far East operations; Gerhard M. Schmidt, v.p.-European operations.

Directors: J. D. Brenner*, Joseph M. Hixon, R. E. Jordan, Walter F. Raab*, R. D. DeNunzio, J. J. Burdge, Harold A. McInnes*, William S. West, C. J. Fredricksen*, W. E. C. Dearden, James E. Marley*.

* Member of the Executive Committee

Areas of Work: The company produces electrical and electronic connection, switching and programming devices - including solderless terminals, splices, packaging and interconnection devices, multiple and coaxial connectors, switches and programming systems - and the application tools and machines to attach these devices to wires, cables, or circuit boards. It also produces electronic power units and other electrical/electronic components.

Subsidiaries:

AMP Products Corporation
Valley Forge, Pennsylvania

AMP Keyboard Technologies, Inc.
Milford, New Hampshire

AMP Packaging Systems, Inc.
Austin, Texas

Carroll Touch, Inc.
Austin, Texas

Mark Eyelet, Inc.
Wolcott, Connecticut

AMP of Canada, Ltd.
Toronto, Canada

AMP de France S.A.
Paris, France

AMP-Holland B.V.
's-Hertogenbosch, The Netherlands

AMP of Great Britain Limited
London, England

AMP Italia S.p.A.
Turin, Italy

AMP Deutschland G.m.b.H.
Frankfurt, West Germany

AMP Espanola, S.A.
Barcelona, Spain

AMP (Japan) Ltd.
Tokyo, Japan

Australian AMP Pty. Limited
Sydney, Australia

AMP de Mexico, S.A.
Mexico City, D.F., Mexico

AMP S.A. Argentina
Buenos Aires, Argentina

AMP Finland Oy
Helsinki, Finland

AMP do Brasil Ltda.
Sao Paulo, Brazil

AMP (Schweiz) A.G.
Steinach, Switzerland

AMP Osterreich Handelsgas, m.b.H.
Vienna, Austria

AMP Norge A/S
Oslo, Norway

AMP Svenska AB
Stockholm, Sweden

AMP Singapore Pte. Ltd.
Singapore

AMP Taiwan
Taipei, Taiwan

AMP Belgium*
Brussels, Belgium

AMP Danmark*
Viby, Denmark

AMP Products Pacific Ltd.
Hong Kong

AMP Ireland Limited
Dublin, Ireland

AMP Portugal, LDA.
Lisbon, Portgual

New Zealand AMP Ltd.
Auckland, New Zealand

AMP Korea
Seoul, South Korea

* Branch of AMP-Holland B.V.

Acquisitions:

Lytel Incorporated
Somerville, New Jersey

Matrix Science Corporation
Torrance, California

Transfer Agent(s):

Manufacturers Hanover Trust Company
Securityholder Relations Dept.
P.O. Box 24935
Church Street Station
New York, New York 10249

The Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): New York

Ticker Symbol: AMP

Number of Employees:

1988	24,100	1985	22,800
1987	22,000	1984	24,500
1986	21,800		

Plant Footage:

1988	9,000,000 sq. ft.	1985	9,000,000
1987	8,900,000	1984	8,700,000
1986	8,900,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 2,669,661,000	$ 319,123,000
1987	2,317,753,000	249,671,000
1986	1,933,055,000	164,345,000
1985	1,636,112,000	108,003,000
1984	1,812,824,000	201,282,000

	No. of Com. Shares +	Earn. per Share ‡
1988	107,400,000	$ 2.96
1987	107,500,000	2.31
1986	108,100,000	1.52
1985	107,900,000	1.00
1984	107,700,000	1.87

+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 1.00	—	—
1987	0.85	—	
1986	0.74	—	—
1985	0.72	—	—
1984	0.64	—	3-for-1

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 1,521,264,000	$ 14.16
1987	1,348,600,000	12.55
1986	1,134,900,000	10.50
1985	996,900,000	9.24
1984	923,200,000	8.57

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 2,669,661,000	$ 2,317,753,000
Cost of sales	1,672,718,000	1,456,009,000
Expenses	467,045,000	425,970,000
Interest expense	16,185,000	16,248,000
Other income	(15,510,000)	(10,945,000)
Income before taxes	$ 529,223,000	$ 430,471,000
Income taxes	210,100,000	180,800,000
Net Income	$ 319,123,000	$ 249,671,000

* Included in Costs and Expenses, Depreciation and Amortization: $158,511,000 in 1988 and $142,149,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 247,788,000	$ 142,397,000
Marketable securities	83,843,000	70,548,000
Receiv., net	472,037,000	475,638,000
* Inventories	481,600,000	410,139,000
Deferred inc. taxes	45,603,000	36,891,000
Other curr. assets	32,254,000	27,311,000
Current Assets	$ 1,363,125,000	$ 1,162,924,000
Investments & other assets	117,845,000	53,686,000
# Fixed assets	894,567,000	865,448,000
Total Assets	$ 2,375,537,000	$ 2,082,058,000

Liabilities

Short-term debt	$ 141,927,000	$ 115,765,000
Accts. payable	224,055,000	181,777,000
Accrued payroll	107,906,000	97,240,000
Accrued inc. taxes	148,732,000	108,337,000
Other accruals	39,619,000	34,548,000
Curr. Liabilities	$ 662,239,000	$ 537,667,000
Long-term debt	82,847,000	71,369,000
Invest. tax credit	7,328,000	13,332,000
Deferred income	35,471,000	37,390,000
Deferred inc. taxes	66,388,000	73,677,000
+ Common stock	12,480,000	12,480,000
++ Common stock	20,000	20,000
Add. paid-in capital	77,109,000	36,771,000
Cum. trans. adj.	74,997,000	108,320,000
Retained earnings	1,470,118,000	1,258,797,000
Treasury stock	(113,460,000)	(67,765,000)
Total Liabilities & Shareholders' Equity	$ 2,375,537,000	$ 2,082,058,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value, AMP Incorporated.
++ $1 par value, Pamcor, Inc.

AMP Incorporated/Pamcor, Inc.

Statistical Summary

%Income before Taxes to Sales	19.82	18.57
%Net Income to Sales	11.95	10.77
%Net Income to Equity	20.98	18.51
Sales to Inventories	5.54	5.65
Debt to Equity	0.15	0.14
Working Capital	$ 508,852,000	$ 625,257,000
Current Ratio	1.80	2.16
Shareholders' Equity	$ 1,521,264,000	$ 1,[illegible]48,623,000

Analog Devices, Inc.

One Technology Way
P.O. Box 9106
Norwood, Massachusetts 02062-9106
(617) 329-4700

Officers: Ray Stata, chairman of the board & president; Joseph M. Hinchey, sr. v.p.-finance; Douglas H. Newman, v.p.-sales & marketing; Heinrich F. Krabbe, v.p.; Arnold Kanarick, v.p.-human resources; A. Graham Sterling, v.p.; Jerald G. Fishman, exec v.p.; Joseph E. McDonough, v.p. & treasurer; Melvin J. Sallen, sr. v.p.; Paul P. Brountas, clerk.

Directors: Ray Stata, chairman; Philip L. Lowe, Joel Moses, Gordon C. McKeague, Morris Chang, John L. Doyle, Lester C. Thurow.

Areas of Work: Designs, manufactures and markets electronic components and subsystems used for the acquisition, conditioning, conversion, transmission and display of analog and digital data in precision measurement and control systems. Linear integrated circuits account for the majority of the Company's sales. These devices acquire, condition, amplify and otherwise process signals from real-world sensors while the information is in analog form, convert the information to a digital form that can be read by a microprocessor or computer, and further process the signals after conversion to digital form. Sold predominantly to original equipment manufacturers (OEMs), these products are incorporated into instruments and systems used in a wide variety of end-use applications, including engineering, laboratory automation, industrial automation, defense/avionics, communications, and computers and peripherals.

Divisions:

Analog Devices Semiconductor
Microelectronics Division
Computer Labs Division
Component Test Systems
Interface Products Division

Analog Devices Enterprises
Venture capital division.

Field Service Division

Digital Signal Processing - Development Labs

ADventures Limited Partnership
Small limited partnership in which ADI makes investments on behalf of another company.

Digital Signal Processing Division

Industrial Automation Division

Subsidiaries:

Analog Devices Limited
Central Avenue
East Molesey
Surrey KT8 OSN, England

Analog Devices, GmbH
Edelsbergstrasse 8-10
D-8000 Munich 21, West Germany

Analog Devices, S.A.
204 SILIC
12, Rue Le Corbusier
Batiment "Iena"
94518 Rungis Cedex, France

Analog Devices KK
Daini Jibiki Building
7-8 Kojimachi 4-chome
Chiyoda-ku, Tokyo, Japan

Analog Devices, APS
Huer Kaer 20
2730 Herlev, Denmark

Analog Devices Nederland, B.V.
Beneluxweg 27
4904 SJ Oosterhout, The Netherlands

Analog Devices, HDLSGESMBH M.B.H.
Meissgosse 51
A-1238 Vienna, Austria

Analog Devices International, Inc.
Justitiestraat 18
2018 Antwerp, Belgium

Analog Devices S.A.
9 Rue de Berne
1201 Geneva, Switzerland

Analog Devices SRL
Via Medardo Rosso 18
20159 Milano, Italy

Analog Devices (Israel), Ltd
6 Borochov Street
Raananna, Israel 43433

Analog Devices AB
Mariehallsvagen 42
Box 20093
S-16120 Bromma, Sweden

Analog Devices (Philippines), Inc.
Edison Avenue, KM-14
S. Expressway
Parangue, Metro Manila, Philippines

Analog Devices K.K. Tech Center
3210-2 Kawajiri Shiroyama-Cho
Tsukui-Gun Kanagawa, Japan

Analog Devices, B.V.
Analog Devices Holdings B.V.
Analog Devices Foreign Sales Corporation, B.V.
The Netherlands

Memory Devices, Limited
Great Britain

Analog Devices International Sales Corporation

Transfer Agent(s)

Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: ADI

Number of Employees:

1988	5,347	1985	4,789
1987	5,219	1984	4,759
1986	4,959		

Plant Footage:

1988	966,200 sq. ft.	1985	906,800
1987	939,500	1984	852,100
1986	937,500		

Sales & Earnings

	Net Sales	Net Income
1988	$ 439,206,000	$ 37,989,000
1987	370,430,000	18,679,000
1986	334,437 000	23,406,000
1985	322,423,000	29,748,000
1984	313,418,000	37,362,000

	No. of Com. Shares #	Earn. per Share #
1988	47,676,000	$ 0.80
1987	46,592,000	0.40
1986	46,026,000	0.51
1985	45,607,000	0.65
1984	45,140,000	0.83

# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	4-for-3
1985	—	—	5-for-4
1984	—	—	4-for-3

Common Stock Equity

	Total Equity †	Equity Per Share #
1988	$ 329,549,000	$ 7.07
1987	278,202,000	6.29
1986	248,041,000	5.88
1985	209,717,000	5.23
1984	169,521,000	4.35

† After allowing for preferred stock at liquidation value.
# Adjusted to reflect stock splits.

Income Account *

Year ended	10/29/88	10/31/87
Net sales	$ 439,206,000	$ 370,430,000
Cost of sales	200,817,000	171,717,000
Expenses	182,980,000	164,268,000
Invest. valuation	2,153,000	5,247,000
Interest expense	1,082,000	3,257,000
Currency income	(143,000)	(222,000)
Other expense	685,000	576,000
Income before taxes	$ 51,632,000	$ 25,587,000
Income taxes	13,643,000	6,908,000
Net Income	$ 37,989,000	$ 18,679,000

* Included in Costs and Expenses, Depreciation and Amortization: $36,608,000 in 1988 and $33,718,000 in 1987.

Assets

As of	10/29/88	10/31/87
Cash	$ 22,682,000	$ 5,823,000
Accts. receiv., net	87,917,000	76,302,000
*Inventories	97,391,000	83,808,000
Prepaid expenses	3,938,000	3,347,000
Prepaid taxes	9,341,000	7,200,000
Current Assets	$ 221,269,000	$ 176,480,000
#Fixed assets	200,683,000	186,178,000
Investments	23,352,000	30,162,000
Defer. charges & other assets	2,381,000	2,268,000
Intangibles	1,683,000	2,260,000
Total Assets	$ 449,368,000	$ 397,348,000

Liabilities

Short-term borrowings & long-term debt, curr.	$ 4,605,000	$ 3,721,000
Oblig. under cap. leases, curr.	3,836,000	3,590,000
Accts. payable	30,512,000	25,866,000
Accruals	23,007,000	19,869,000
Income taxes	10,839,000	4,607,000
Curr. Liabilities	$ 72,799,000	$ 57,653,000

Long-term debt	18,914,000	23,727,000
Oblig. under cap. leases	4,069,000	6,347,000
Deferred inc. taxes	10,964,000	11,185,000
Other liabilities	1,424,000	915,000
+Preferred stock	12,000	19,000
++Common stock	7,811,000	7,560,000
Add. paid-in capital	129,833,000	125,812,000
Retained earnings	205,145,000	167,156,000
Foreign currency translation	4,822,000	3,483,000
Treasury stock	(6,425,000)	(6,509,000)
Total Liabilities & Shareholders' Equity	$ 449,368,000	$ 397,348,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.
++ $0.16 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.76	6.91
%Net Income to Sales	8.65	5.04
%Net Income to Equity	11.13	6.28
Sales to Inventories	4.51	4.42
Debt to Equity	0.09	0.13
Working Capital	$ 148,470,000	$ 118,827,000
Current Ratio	3.04	3.06
Shareholders' Equity	$ 341,198,000	$ 297,521,000

Analogic Corporation

8 Centennial Drive
Peabody, Massachusetts 01961
(508) 977-3000

Officers: Bernard M. Gordon, chairman of the board & president; Bernard L. Friedman, vice chairman; John A. Tarello, sr. v.p. & treasurer; M. Ross Brown, v.p.; Jacob H. Lieberman, v.p.; Julian Soshnick, v.p. & general counsel; Daniel Birkner, Division & Operating vice president; Edmund F. Becker, Jr., Division & Operating vice president; Robert H. French, Division & Operating vice president; Orton Wisegarver, Division & Operating vice president; Sorin Marcovici, Division & Operating vice president; Thomas J. Dempsey, Division & Operating vice president; Leopold Neumann, Division & Operating vice president; Thomas F. Charlebois, Division & Operating vice president; Martin S. Gordon, Division & Operating vice president; Gary J. Gross, Division & Operating vice president; Michael Rasmussen, v.p.-software engineering.

Directors: Bernard M. Gordon, chairman; Bernard L. Friedman, M. Ross Brown, John A. Tarello, Jules J. Schwartz, Gerald L. Wilson, Vessarios Chigas, Julian Soshnick.

Areas of Work: Engaged in the design, manufacture, and marketing of advanced precision data conversion, and computer-based signal processing instruments and equipment, which are used to acquire, condition, translate, compute, interpret, store, transmit, or display critical data in modern industrial, scientific, medical, communications and other system applications.

Subsidiaries:

Analogic Limited
Ascot House, Doncastle Road
Bracknell, Berkshire RG12 4PE England

Analogic Foreign Sales Corp.
St. Thomas 00801 U.S. Virgin Islands

Analogic GmbH
Siemensstrasse 13
6200 Weisbaden
Nordenstadt, West Germany

3H Industries, Inc.
1289 Hammerwood Drive
Sunnyvale, California 94086

Computer Design & Applications, Inc.
8 Centennial Drive
Peabody, Massachusetts 01961
Manufactures electronic imaging equipment.

Transfer Agent(s):

Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALOG (NASDAQ)

Plant Footage:

1988 .... 404,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income †
1988	$ 113,516,000	$ 1,164,603
1987	128,991,000	14,527,916
1986	126,771,000	10,074,975
1985	128,757,000	9,939,677
1984	143,706,000	16,444,310

	No. of Com. Shares +	Earn. per Share + †
1988	16,429,000	$ 0.07
1987	18,104,000	0.80
1986	18,981,000	0.53
1985	18,784,000	0.53
1984	18,862,000	0.87

† Including extraordinary gain of $441,000 ($0.02 per share) in 1985.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 138,524,495	$ 8.43
1987	151,567,775	8.37
1986	157,335,085	8.29
1985	142,185,302	7.57
1984	131,595,510	6.98

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended July 31	1988	1987
Revenues:		
Prod. & serv.	$ 113,515,630	$ 128,990,612
Eng. & lic.	6,842,065	10,154,676
Gain on sale	10,232,724	12,192,366
Int. income	3,757,705	4,094,261
Total revenues	$ 134,348,124	$ 155,431,915
Cost of sales	85,147,577	89,579,556
Expenses	44,643,507	44,066,652
Interest expense	1,240,266	833,432
Plant moving costs	431,351	—
Other expense (income)	870,820	(340,641)
Income before taxes	$ 2,014,603	$ 21,292,916
Income taxes	850,000	6,765,000
Net Income	$ 1,164,603	$ 14,527,916

* Included in Costs and Expenses, Depreciation and Amortization: $7,308,816 in 1988 and $6,719,317 in 1987.

Assets

As of July 31	1988	1987
Cash	$ 17,561,574	$ 23,247,047
Market. securities	35,565,713	44,446,620
Accts. receiv. - trade, net	24,385,510	27,981,970
Accts. receiv. - affil.	1,321,053	—
Install. sale receiv.	8,004,912	—
* Inventories	36,544,289	39,266,305
Prepaid expenses	2,596,806	3,879,816
Current Assets	$ 125,979,857	$ 138,821,758
# Fixed assets	45,484,524	49.140,190
Invest. in affil. co.	2,489,369	2,059,647
Other assets	1,810,615	1,572,274
Total Assets	$ 175,764,365	$ 191,593,869

Liabilities

Note payable, bank	$ 1,957,778	$ 1,926,520
Cap. lease oblig., curr.	363,077	408,443
Accts. payable	6,485,369	5,846,248
Accruals	5,627,427	5,433,764
Cust. deposits	484,000	626,224
Accrued taxes	5,324,743	4,501,285
Curr. Liabilities	$ 20,242,394	$ 18,742,484
Mortg. note pay	6,689,366	6,193,461
Oblig. under cap. leases	5,396,071	5,716,399
Deferred inc. taxes	4,526,910	4,397,360
Minority interest	—	4,398,696
Exc. of acq. assets over cost	385,129	577,694
+ Common stock	800,069	1,010,083
Add. paid-in capital	38,640,761	73,309,612
Retained earnings	104,022,333	102,857,730
Treasury stock	(2,931,411)	(24,409,592)
Unearned compensation	(2,007,257)	(1,200,058)
Total Liabilities & Shareholders' Equity	$ 175,764,365	$ 191,593,869

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Revenues	1.50	13.70
%Net Income to Revenues	0.87	9.35
%Net Income to Equity	0.84	9.59
Debt to Equity	0.10	0.09
Working Capital	$ 105,737,463	$ 120,079,274
Current Ratio	6.22	7.41
Shareholders' Equity	$ 138,524,495	$ 151,567,775

Anaren Microwave, Inc.

6635 Kirkville Road
East Syracuse, New York 13057
(315) 432-8909

Officers: Hugh A. Hair, president & chief exec. officer; Carl W. Gerst, Jr., exec. v.p. & chief operating officer; Michael G. Rowe, treasurer & chief financial officer; Tom B. Burgher, II, v.p.-marketing; William J. Mackay, secretary.

Anaren Microwave, Inc.

Directors: Hugh A. Hair, Carl W. Gerst, Jr., William J. Mackay, Abraham Manber, Solomon Manber.

Areas of Work: Designs, engineers and manufactures microwave components and completely integrated microwave assemblies used in sophisticated microwave installations. The Company's microwave componentry is utilized in navigation, fire-control radar, electronic countermeasures, electronic surveillance, telemetry, instrumentation and communications systems.

Subsidiaries:

Anaren Microwave, Ltd.
Unit 2, Blackwater Way
Aldershot Hants, GU12 4DK, England

Anaren International, Inc.
East Syracuse, New York

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ANEN (NASDAQ)

Number of Employees:

1988 350

Plant Footage:

1988 .... 105,000 sq. ft. 1985 105,000
1987 .... 105,000 1984 105,000
1986 105,000

Sales & Earnings

	Net Sales	Net Income
1988	$ 24,504,027	$ 200,066
1987	29,039,266	1,815,959
1986	32,779,053	3,233,648
1985	28,627,566	2,529,274
1984	22,737,339	1,813,224

	No. of Com. Shares #	Earn per Share #
1988	4,241,664	$ 0.05
1987	4,209,308	0.43
1986	4,209,115	0.77
1985	4,208,262	0.60
1984	4,013,083	0.45

# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 27,394,024	$ 6.46
1987	26,944,241	6.40
1986	25,128,282	5.97
1985	21,889,121	5.20
1984	19,356,303	4.82

# Based on the weighted average number of shares outstanding.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 24,504,027	$ 29,039,266
Cost of sales	16,310,986	18,522,847
Expenses	7,828,580	7,031,916
Interest expense	331,566	355,943
Other income	(296,671)	(173,328)
Income before taxes	$ 329,566	$ 3,301,888
Income taxes	129,500	1,485,929
Net income	$ 200,066	$ 1,815,959

* Included in Costs and Expenses, Depreciation and Amortization: $1,493,749 in 1988 and $1,707,646 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 3,227,220	$ 1,894,070
Short-term invest.	855,848	630,869
Receiv., net	7,629,193	10,712,415
Refund. inc. taxes	636,170	—
* Inventories	13,274,288	12,200,925
Prepaid expenses	100,715	99,135
Current Assets	$ 25,723,434	$ 25,537,414
# Fixed assets	7,709,759	8,727,162
Other assets	105,788	138,251
Total Assets	$ 33,538,981	$ 34,402,827

Liabilities

Long-term debt, curr.	$ 529,455	$ 721,978
Accts. payable	1,305,913	1,337,711
Accruals	678,210	1,249,383
Curr. Liabilities	$ 2,513,578	$ 3,309,072
Deferred in. taxes	999,640	988,320
Long-term debt	2,631,739	3,161,194
+ Common stock	44,763	44,233
Add. paid-in capital	14,067,084	13,817,897
Retained earnings	13,448,640	13,248,574
Treasury stock	(166,463)	(166,463)
Total Liabilities & Shareholders' Equity	$ 33,538,981	$ 34,402,827

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.34	11.37
%Net Income to Sales	0.82	6.25
%Net Income to Equity	0.73	6.74
Sales to Inventories	1.85	2.38
Debt to Equity	0.12	0.14
Working Capital	$ 23,209,856	$ 22,228,342
Current Ratio	10.23	7.72
Shareholders' Equity	$ 27,394,024	$ 26,944,241

Andersen Group, Inc.

1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Officers: Oliver R. Grace, Francis E. Baker, president; Kenneth T. Kelley, v.p. & general counsel; Tom D. Fielding, treasurer & controller; Elmer J. Dahl, secretary; Martin H. Andersen, asst. secretary; Franklin R. Stoner, director-personnel; Bernard F. Travers, director-taxation.

Directors: Oliver R. Grace*, Francis E. Baker*, Joseph F. Engelberger, Richard Rachals*, Ratus L. Kelly, Louis Lubrano, Oliver R. Grace, Jr.*, James J. Pinto, Allan Zinberg.

* Member of the Executive Committee

Areas of Work: Develops, produces and markets electronic signal processing products and medical products and services.

Subsidiaries:

Microtime, Inc.
1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-4242

Develops, manufactures and sells video signal processing equipment to the professional broadcasting, cable, industrial and educational markets. Products include time base correctors, synchronizers, digital video effects, and computer graphics equipment.

CDI Medical Services, Inc.
1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Provides ambulatory monitoring services to physicians, hospital and patients for the diagnosis and management of cardiovascular disorders. Also operates magnetic resonance imaging centers.

AGI Properties, Inc.

AGI Export, Inc.
Foreign Sales Corporation (FSC).

Transfer Agent(s):

Citytrust (common stock & debentures)
961 Main Street
Bridgeport, Connecticut 06601

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ANDR (NASDAQ)

Number of Employees:

1988 .... N.A. 1986 571
1987 .... 539 1985 556

Plant Footage:

1988 .... N.A. 1986 107,000
1987 .... 107,000 sq. ft. 1985 107,000

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1989	$ 43,835,000	$ 3,612,005
1988	49,236,000	(8,744,182)
1987	46,022,000	52,096
1986	43,379,000	(1,224,000)
1985	48,431,000	2,210,000

	No. of Com. Shares ‡	Earn. per Share ‡
1989	2,358,000	$ 2.07
1988	2,406,200	—
1987	2,406,701	0.03
1986	2,412,537	—
1985	2,411,650	1.23

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1989	$ 9,091,000	$ 5.15
1988	5,856,000	3.27
1987	14,600,000	8.16
1986	14,548,000	8.13
1985	15,771,000	8.82

† Adjusted to reflect stock split.

Income Account *

Year ended Feb. 28	1989	1988
Revenues	$ 43,834,503	$ 49,236,149
Cost of revenues	20,564,301	28,639,312
Expenses	16,748,134	22,043,410
Interest expense	1,457,440	1,458,015
Restructuring charge	—	5,900,000
Inc. (loss) bef. taxes	$ 5,064,628	$ (8,804,588)
Income taxes (credit)	566,069	(850,000)
Minority interest	886,554	789,594
Net Income (Loss)	$ 3,612,005	$ (8,744,182)

* Included in Costs and Expenses, Depreciation and Amortization: $1,827,634 in 1989 and $2,641,073 in 1988.

Assets

As of Feb. 28	1989	1988
Cash	$ 8,959,976	$ 725,379
Assts. & notes receiv., net	8,187,979	12,436,441
Recov. inc. taxes	—	720,280
*Inventories	3,997,300	9,451,609
Prepaid expenses & other assets	182,724	278,261
Current Assets	$ 21,327,979	$ 23,611,970
#Fixed assets	5,108,373	6,948,601
Defer. charges	1,056,629	1,470,538
Other assets	1,483,999	1,629,179
Total Assets	$ 28,976,980	$ 33,660,288

Liabilities

Long-term debt, curr.	$ 140,388	$ 196,012
Short-term bank loans	—	3,050,000
Accts. payable	1,712,100	4,246,258
Cust. deposits	—	300,271
Income taxes	975,550	255,186
Employee compen.	789,302	1,533,494
Other accruals	2,434,502	3,763,646
Curr. Liabilities	$ 6,051,842	$ 13,344,867
Long-term debt	12,503,716	13,150,463
Deferred inc. taxes	150,000	—
Minority interest	1,180,335	1,308,963
+Common stock	2,088,071	2,088,071
Add. paid-in capital	139,495	426,408
Retained earnings	6,953,521	3,341,516
Treasury stock	(90,000)	—
Total Liabilities & Shareholders' Equity	$ 28,976,980	$ 33,660,288

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	11.55	—
%Net Income to Revenues	8.24	—
%Net Income to Equity	39.73	—
Debt to Equity	1.39	2.80
Working Capital	$ 15,276,137	$ 22,277,483
Current Ratio	3.52	1.77
Shareholders' Equity	$ 9,091,087	$ 5,855,995

Andrea Radio Corporation

11-40 45th Road
Long Island City, New York 11101
(718) 729-8500

Officers: Frank A. D. Andrea, Jr., chairman of the board and president; Anthony S. Abbene, executive vice president and treasurer; Jeannette Luald, secretary; George Feinman, v.p.-engineering.

Directors: Frank A. D. Andrea, Jr., Camille Andrea, George Feinman.

Areas of Work: Engaged in designing, developing, and producing intercommunications and other electronic systems and equipment which are sold to the government and private companies under prime and subcontracts.

Transfer Agent(s):

The Chase Manhattan Bank N.A.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): American

Ticker Symbol: AND

Number of Employees:

1988	97	1985	94
1987	96	1984	110
1986	80		

Plant Footage:

1988	57,266 sq. ft.	1985	57,266
1987	57,266	1984	57,266
1986	57,266		

Sales & Earnings

	Net Sales	Net Income
1988	$ 4,104,603	$ 293,392
1987	3,583,018	304,781
1986	3,905,736	269,539
1985	3,247,719	187,188
1984	4,754,406	457,145

	No. of Com. Shares	Earn. per Share #
1988	508,272	$ 0.58
1987	508,272	0.60
1986	508,272	0.53
1985	508,272	0.37
1984	508,272	0.90

# Based on the average number of shares outstanding.

Revenues by Line of Business

	1988	1987
Government	$ 2,223,763	$ 1,987,839
Industrial	1,880,811	1,594,892
Commercial	29	287
Total	$ 4,104,603	$ 3,583,018

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.72	—	—
1987	0.72	—	
1986	0.72	—	—
1985	0.36	—	—
1984	0.90	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 3,448,078	$ 6.78
1987	3,429,153	6.75
1986	3,490,328	6.87
1985	3,586,745	7.06
1984	3,582,535	7.05

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 4,104,603	$ 3,583,018
Other income	161,216	274,701
Total income	$ 4,265,819	$ 3,857,719
Cost of sales	3,270,282	2,873,020
Expenses	501,304	460,966
Income before taxes	$ 494,233	$ 523,733
Income taxes	200,841	218,952
Net Income	$ 293,392	$ 304,781

* Included in Costs and Expenses, Depreciation: $45,820 in 1988 and $45,686 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 230,837	$ 408,042
Cert. of deposit	1,603,710	1,607,627
Accts. receiv., net	660,621	541,158
*Inventories	621,200	706,601
Prepaid expenses	65,037	41,809
Current Assets	$ 3,181,405	$ 3,305,237
#Fixed assets	427,497	450,975
Intangibles	1,151	1,151
Total Assets	$ 3,610,053	$ 3,757,363

Liabilities

Accts. payable	$ 111,003	$ 286,843
Salaries & wages	36,147	31,929
Income taxes	4,675	17
Dividends payable	10,150	9,421
Curr. Liabilities	$ 161,975	$ 328,210
+Common stock	254,136	254,136
Add. paid-in capital	59,206	59,206
Retained earnings	3,134,736	3,115,811
Total Liabilities & Shareholders' Equity	$ 3,610,053	$ 3,757,363

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.04	14.62
%Net Income to Sales	7.15	8.51
%Net Income to Equity	8.51	8.89
Sales to Inventories	6.61	5.07
Working Capital	$ 3,019,430	$ 2,977,027
Current Ratio	19.64	10.07
Shareholders' Equity	$ 3,448,078	$ 3,429,153

Andrew Corporation

10500 West 153rd Street
Orland Park, Illinois 60462
(312) 349-3300

Officers: Edward J. Andrew, chairman of the board; Floyd L. English, president & chief executive officer; George R. Forbes, sr. v.p.-corporate staff; Charles R. Nicholas, v.p.-finance & chief financial officer; Eric L. Brooker, v.p.-corporate research & development; Henry C. Johnson, v.p.-marketing, sales & corporate development; John B. Scott, v.p.-Network Products Group; Frank M. Roddy, v.p.-Commercial Products Group; Ernest T. Weber, v.p.-Government Products Group; Richard L. Dybala, treasurer; Thomas L. Murphy, secretary; Gregory F. Maruszak, controller; Thomas E. Charlton, Commercial Products Group v.p.-ESA Systems; Thomas E. Fencken, Commercial Products Group v.p.-HELIAX Products; Anthony J. Lacopulos, Commercial Products Group v.p.-European operations; Edward C. Nield, Commercial Products Group v.p.-antenna systems; Harry D. McKee, Commercial Products Group v.p.-broadcast products; Christopher S. Adams, Jr., Government Products Group v.p.-business development; Joe L. Halpain, Government Products Group v.p.-Scientific Communications, Inc.; Barry J. Houlihan, Government Products Group v.p.-Australia.

Directors: Edward J. Andrew, chairman; Edith G. Andrew, Owen D. Bekkum, John G. Bollinger, George N. Butzow, C. Russell Cox, Floyd L. English.

Areas of Work: Manufactures and markets communications systems and equipment to commercial and defense markets through its three operating groups, Commercial, Government and Network.

The Commercial Products Group offers complete packages of transmission products and services, including terrestrial microwave, broadcast and earth station antennas and systems, coaxial cable, waveguide, towers and shelters. This group serves common carrier, private network, cellular, land mobile and broadcast customers, among others.

The Government Products Group supplies electronic radar and communications reconnaissance receiving systems, positioners, position finding systems, cable, waveguide and high frequency and other antenna systems to the U.S. armed forces and friendly foreign governments.

The Network Products Group provides connection devices to data communications customers for use in corporate communications systems. Products include protocol converters, gateway devices, coaxial multiplexers and baluns.

Subsidiaries:

Andrew Data Corporation
Simi Valley & Torrence, California

Andrew Antennas
Melbourne, Adelaide & Canberra, Australia

Andrew Canada Inc.
Whitby & Ottawa, Canada

Antennes Andrew S.A.R.L.
Paris, France

Andrew Antennas
Lochgelly & Weybridge, Great Britain

Andrew S.R.L.
Milan, Italy

Andrew Corporation
Tokyo, Japan

Antenas de Transmision S.A. de C.V. (49% interest)
Mexico City, Mexico

Andrew AG
Zurich, Switzerland

Scientific Communications, Inc.
Garland, Texas

Manufactures electronic radar and communications reconnaissance receiving equipment used in military and defense markets.

Dayton, Ohio
Fairfax, Virginia
Sunnyvale, California

SciComm GmbH (49%-owned)
Siegburg, West Germany

Kintec Corporation
St. Petersburg, Florida

Manufactures pedestals and electronic controls for radio frequency and optical systems in military and defense markets.

Scott Communications, Inc.
Simi Valley, California

Produces baluns, coaxial multiplexers and related interconnection devices.

Acquisitions:

Local Data, Inc.

Manufactures and sells gateway devices, protocol converters and other devices used to connect non-IBM equipment to IBM host computers.

VSAT Systems, Inc. (63%-owned)
San Jose, California

Systems supplier and manufacturer of very small aperture terminals.

Transfer Agent(s):

Harris Trust & Savings Bank
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ANDW (NASDAQ)

Number of Employees:

1988	2,679	1985	2,355
1987	2,297	1984	2,713
1986	2,331		

Sales & Earnings

	Net Sales	Net Income
1988	$ 253,502,000	$ 13,901,000
1987	223,185,000	3,814,000
1986	197,659,000	9,518,000
1985	215,528,000	14,117,000
1984	217,672,000	20,799,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	9,932,000	$ 1.40
1987	10,083,000	0.38
1986	10,061,000	0.95
1985	10,030,000	1.41
1984	10,015,000	2.08

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 165,907,000	$ 16.65
1987	152,013,000	15.05
1986	144,049,000	14.29
1985	134,840,000	13.42
1984	120,837,000	12.06

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net sales	$ 253,502	$ 223,185
Cost of sales	164,495	153,511
Expenses:		
Sales & adm.	52,598	39,722
Res. & develop.	14,129	10,415
Interest expense	2,541	2,453
Interest income	(763)	(1,106)
Other income	(1,218)	(782)
Prov. for restruc.	—	19,900
Gain on sale of land	—	(5,941)
Income before taxes	$ 21,720	$ 5,013
Income taxes	7,819	1,199
Net Income	$ 13,901	$ 3,814

* Included in Costs and Expenses, Depreciation and Amortization: $13,987,000 in 1988 and $13,596,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash & cash equiv.	$ 9,753	$ 15,269
Accts. receiv., net	81,745	64,741
*Inventories	53,135	47,855
Deferred tax benefits	2,453	3,246
Prepaid expenses	686	1,575
Current Assets	$ 147,772	$ 132,686
#Fixed assets	47,781	47,093
Other assets	6,723	7,490
Intangibles	31,684	21,674
Total Assets	$ 233,960	$ 208,943

Liabilities
(000's)

Bank debt	$ 6,000	$ —
Long-term debt, curr.	3,275	1,979
Accts. payable	11,293	9,074
Accruals	14,081	10,643
Accrued restruc. exp.	434	4,963
Accrued compensation	8,349	5,891
Income taxes	4,877	1,567
Curr. Liabilities	$ 48,309	$ 34,117
Long-term debt	18,755	22,374
Deferred liab.	989	439
+Common stock	102	101
Add. paid-in capital	27,057	26,306
For. curr. trans. adjust.	143	(1,604)
Retained earnings	141,111	127,210
Stock award	(157)	—
Treasury stock	(2,349)	—
Total Liabilities & Shareholders' Equity	$ 233,960	$ 208,943

* At lower of cost (LIFO & FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

% Income bef. Taxes to Sales	8.57	2.25
% Net Income to Sales	5.48	1.71
% Net Income to Equity	8.38	2.51
Sales to Inventories	4.77	4.66
Debt to Equity	0.17	0.16
Working Capital	$ 99,463,000	$ 98,569,000
Current Ratio	3.06	3.89
Shareholders' Equity	$ 165,907,000	$ 152,013,000

Apollo Computer Inc.

(Acquired by Hewlett-Packard Company on May 18, 1989.)

330 Billerica Road
Chelmsford, Massachusetts 01824
(508) 256-6600

Officers: Thomas A. Vanderslice, chairman & chief exec. officer; Richard P. Bond, sr. v.p. & chief financial officer; Robert J. Elliott, v.p.-information systems & resources; Dorothy D. Hayes, v.p. & controller; Thomas W. Freeze, treasurer; J. Michael Greata, v.p. & chief technologist development; Michael S. Gutman, v.p.-corp. business development; Russell G. Barbour, v.p.-advanced technology; Bruce E. Parker, v.p.-international development & federal programs development; Bernard L. Stumpf, Apollo fellow; Paul J. Leach, Apollo fellow; Alisdair C. Ferguson, managing dir.-Scotland Manufacturing; Charles A. McGurin, v.p.-manufacturing operations, New Hampshire; Frank A. Faggiano, v.p.-human resources; Harold A. Judy, v.p.-quality & program management; Volker Kleinn, v.p.-European operations; Douglas P. Langenberg, v.p.-North American customer services; William J. Cunningham, Jr., v.p.-manufacturing, research & development; John J. Migliore, v.p.-worldwide marketing & North American sales; Lindsay Yelland, v.p.-Asia & Pacific operations; Roy J. Moffa, v.p.-new products; William C. Gould, v.p.-software engineering; Richard B. Plummer, v.p.-product engineering; William M. Kelly, dir.-market segment development; Michael A. Gallup, dir.-product marketing & programs; Gerald A. Vennard, acting gen. mgr.-North American sales.

Directors: Thomas A. Vanderslice, chairman; Charles P. Spector, Richard P. Bond, John F. Cunningham, Robert L. Gable, John K. McKinley, Raymond F. Pettit, William R. Smart.

Areas of Work: Designs, manufactures, markets and services computer systems, primarily used in engineering, scientific, and other technical applications. These systems include advanced personal workstations and sophisticated graphics systems, as well as a wide range of high-performance computer servers, server processors, and printers.

Subsidiaries:

Apollo Computer, S.A.
108, Avenue Louis-Casai
P.O. Box 409
1215 Geneva, Switzerland
(41-22) 985788

Apollo Computer Pte. Ltd.
80 Marine Parade Road
Parkway Parade 19-03/09
Singapore 1544
(65) 345 3985

Number of Employees:

1988	4,446	1985	3,275
1987	3,992	1984	3,021
1986	3,577		

Plant Footage:

1988 ...... 1,674,000 sq. ft. 1987 1,365,000

Sales & Earnings x

	Net Sales	Net Income †
1988	$ 653,536,000	$ 2,085,000
1987	553,660,000	20,498,000
1986	391,685,000	12,204,000
1985	295,575,000	(7,246,000)
1984	215,930,000	20,590,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	36,476,000	$ 0.06
1987	36,400,000	0.56
1986	35,053,000	0.35
1985	34,024,000	—
1984	31,834,000	0.65

(Loss)
x Restated to reflect the retroactive application of SFAS No. 96, accounting for income taxes.
† Including extraordinary gain of $1,856,000 ($0.05 per share) in 1988.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1988	$ 226,405,000	$ 6.21
1987	216,285,000	5.94
1986	189,917,000	5.42
1985	163,570,000	4.81
1984	165,317,000	5.19

x Restated.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	12/31/88	1/2/88‡
Net sales:		
Product	$ 545,169	$ 466,791
Service	108,367	86,869
Total income	$ 653,536	$ 553,660
Cost of sales	377,324	288,513
Expenses	266,423	223,562
Interest expense	11,758	9,599
Interest income	(934)	(2,445)
Income (loss) bef. taxes	$ (1,035)	$ 34,431
Income taxes (credit)	(1,264)	13,933
Net Income	$ 229	$ 20,498
Extraord. gain	1,856	—
Net Income & extraord. gain	$ 2,085	$ 20,498

* Included in Costs and Expenses, Depreciation and Amortization: $42,341,000 in 1988 and $35,731,000 in 1987.
‡ Restated.

Assets
(000's)

As of	12/31/88	1/2/88‡
Cash	$ 9,162	$ 10,624
Investments	10,628	29,298
Accts. receiv., net	188,495	156,710
Refundable taxes	6,034	1,245
*Inventories	87,271	80,563
Other curr. assets	15,869	14,890
Current Assets	$ 317,459	$ 293,330
#Fixed assets	149,112	128,804
Other assets	30,133	24,835
Total Assets	$ 496,704	$ 446,969

Liabilities
(000's)

Accts. payable	$ 55,839	$ 35,255
Cap. lease oblig., curr.	702	621
Accrued inc. taxes	3,091	10,947
Accrued payroll	12,716	13,292
Deferred revenue	13,007	9,206
Accrued interest	3,481	3,996
Other accruals	21,552	20,486
Curr. Liabilities	$ 110,388	$ 93,803
Long-term debt	37,000	—
7 1/4% conv. subord. deben.	105,445	115,000
Deferred inc. taxes	16,651	20,352
Cap. lease oblig.	815	1,529
+ Common stock	722	710
Add. paid-in capital	180,493	175,550
Retained earnings	56,153	54,068
Unearned comp.	(9,381)	(13,653)
Cum. trans. adjust.	(1,582)	(390)
Total Liabilities & Shareholders' Equity	$ 496,704	$ 446,969

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.02 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.22
%Net Income to Sales	0.04	3.70
%Net Income to Equity	0.10	9.11
Sales to Inventories	7.49	6.87
Debt to Equity	0.17	0.01
Working Capital	$ 207,071,000	$ 199,527,000
Current Ratio	2.88	3.13
Shareholders' Equity	$ 226,405,000	$ 224,997,000

Apple Computer, Inc.

20525 Mariani Avenue
Cupertino, California 95014
(408) 996-1010

Officers: John Sculley, chairman, president & chief executive officer; Delbert W. Yocam, sr. v.p. & president-Apple Pacific; David J. Barram, v.p.-corporate affairs; Deborah A. Coleman, v.p.-finance & chief financial officer; Albert A. Eisenstat, sr. v.p. & secretary; John P. Karalis, v.p. & gen. counsel; Jean-Louis Gassee, sr. v.p. & president-Apple Products; Michael H. Spindler, sr. v.p. & president-Apple Europe; Roy Weaver, Jr., v.p.-distribution; Robert W. Saltmarsh, treasurer; Daniel L. Eilers, v.p.-strategic investments; Allan Z. Loren, sr. v.p. & president-Apple USA; Ralph Russo, v.p.-worldwide operations; Kevin Sullivan, sr. v.p.-human resources.

Directors: Peter O. Crisp, A. C. Markkula, Jr., Arthur Rock, John Sculley, Albert A. Eisenstat, Sally K. Ride, John A. Rollwagen.

Areas of Work: The company designs, develops, produces, markets and services microprocessor-based personal computers and related software and other peripheral products.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AAPL (NASDAQ)

Number of Employees:

1988	10,800	1985	4,182
1987	7,228	1984	5,382
1986	5,600		

Sales & Earnings

	Net Sales	Net Income
1988	$ 4,071,373,000	$ 400,258,000
1987	2,661,068,000	217,496,000
1986	1,901,898,000	153,963,000
1985	1,918,280,000	61,223,000
1984	1,515,876,000	64,055,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	129,900,000	$ 3.08
1987	131,615,000	1.65
1986	128,630,000	1.20
1985	123,790,000	0.49
1984	121,774,000	0.53

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.32	—	—
1987	0.12	—	

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 1,003,425,000	$ 7.72
1987	836,488,000	6.36
1986	694,087,000	5.40
1985	550,487,000	4.45
1984	464,565,000	3.81

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	9/30/88	9/25/87
Net sales	$ 4,071,373	$ 2,661,068
Cost of sales	1,990,879	1,296,220
Research & develop.	272,512	191,554
Marketing	952,577	655,219
Gen. & adm.	235,067	146,637
Interest income	(35,823)	(38,930)
Income before taxes	$ 656,161	$ 410,368
Income taxes	255,903	192,872
Net Income	$ 400,258	$ 217,496

* Included in Costs and Expenses, Depreciation and Amortization: $77,677,000 in 1988 and $70,516,000 in 1987.

Assets
(000's)

As of	9/30/88	9/25/87
Cash & temp. cash invest.	$ 545,717	$ 565,094
Accts. receiv., net	638,816	405,637
*Inventories	461,470	225,753
Prepaid inc. taxes	88,711	48,798
Other curr. assets	48,280	62,143
Current Assets	$ 1,782,994	$ 1,307,425
#Fixed assets	207,357	130,434
Other assets	91,735	40,072
Total Assets	$ 2,082,086	$ 1,477,931

Liabilities
(000's)

Notes payable	$ 127,871	$ —
Accts. payable	314,668	205,929
Accrued compen.	82,632	55,291
Income taxes payable	62,465	20,242
Accrued marketing	113,175	113,631
Other curr. liab.	126,282	83,585
Curr. Liabilities	$ 827,093	$ 478,678
Deferred inc. taxes	251,568	162,765
+Common stock	226,239	263,956
Retained earnings	776,453	573,141
Cum. trans. adj.	4,266	1,503
Notes receiv. from shareholders	(3,533)	(2,112)
Total Liabilities & Shareholders' Equity	$ 2,082,086	$ 1,477,931

* At lower of cost (curr. adjusted standards) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	16.12	15.42
%Net Income to Sales	9.83	8.17
%Net Income to Equity	39.89	26.00
Sales to Inventories	8.82	11.79
Debt to Equity	0.13	—
Working Capital	$ 955,901,000	$ 828,747,000
Current Ratio	2.16	2.73
Shareholders' Equity	$ 1,003,425,000	$ 836,488,000

Applied Magnetics Corporation

75 Robin Hill Road
Goleta, California 93117
(805) 683-5353

Officers: Harold R. Frank, chairman of the board; Ben J. Newitt, vice chairman & chief executive officer; William R. Anderson, president; Robert C. Tetherow, exec. v.p.; Thomas W. Russell, v.p.; O. M. Fundingsland, exec. v.p.-sales and marketing; Louis W. Rayer, v.p. & gen. mgr.-monolithic disk heads; Gordon P. Sprague, Jr., exec. v.p.; Raymond P. LeBlanc, v.p., secretary & general counsel; Steven E. Beal, v.p.-sales; Robert E. Masoner, v.p. & gen. mgr.-composite disk heads; Michael J. Shillinger, v.p. & gen. mgr.-wafer operations, thin-film disk heads; Thomas L. Trenschel, v.p. & gen. mgr.-thin-film disk heads; James G. Evans, treasurer; Steve M. Neil, controller.

Directors: Harold R. Frank, chairman; Ben J. Newitt, James M. Cunningham, Willard G. De Groot, William E. Terry, Robert C. Tetherow, R. C. Mercure, Jr..

Areas of Work: Designs and manufactures magnetic recording heads used in tape, digit-disk, and floppy-disk drives.

Subsidiaries:

Applied Magnetics Belgium, N.V.
Industriezone
Raadsherenstraat 3
B-2300 Turnhout, Belgium

Applied Magnetics Japan, Ltd.
2-19-4 Tachibanadai Midori-Ku
Yokohama-shi, Kanagawa-ken 227, Japan

Applied Magnetics Korea, Ltd.
CPO Box 2801
Seoul, Korea

Applied Magnetics (Singapore) Pte. Ltd.
No. 8 Ang Mo Kio
Industrial Park 2,
Singapore 2056

Applied Magnetics Ireland, Ltd. Inc.
Clonshaugh Industrial Estate
Coolock, Dublin 5, Ireland

Applied Magnetics (Malaysia) Sdn. Bhd.
Penang, Malaysia

Brumko Magnetics Corporation
150 Binfield Street
Elkhorn, Nebraska 69022
(402) 289-2400

Refurbishes and repairs magnetic recording disk heads for the computer industry.

Nortronics Company, Inc.
8101 10th Avenue North
Minneapolis, Minnesota 55427
(612) 545-0401

Manufactures magnetic tape heads used in computer tape drives, card and check readers, moneychangers, aircraft recorders and industrial analog audio devices.

Applied Peripherals Technology Belgium, N.V.
Raadsherenstraat 3
B-2300 Turnhout,, Belgium
(32) 14415911

Applied Peripherals Technology U.K. Ltd.
7 Glan Aber Park
Hough Green
Chester CH4 8LE, United Kingdom
(44) 244672712

Applied Peripherals Technology Belgium, N.V.
European Sales Office
Manhattan Office Tower
Avenue du Boulevard 21, Box 33
B-1210 Brussels, Belgium
(32) 2219-1722

Applied Peripherals Technology France SARL
Cergy Cedex, Francer

Applied Peripherals Technology Germany GmbH
Frankfurt, West Germany

Applied Peripherals Technology (Singapore) Pte. Ltd.
No. 8 Ang Mo Kio
Industrial Park 2,
Singapore 2056
481-4422

Acquisition:

Magnetic Data, Inc.
6754 Shady Oak Road
Eden Prairie, Minnesota 55344
(612) 941-3248

Repairs and refurbishes high-capacity rigid-disk drives, disk packs, and computer tape and also supplies computer spare parts.

Transfer Agent(s):

First Interstate Bank of California
P.O. Box 3667, Terminal Annex
Los Angeles, California 90051

Stock Exchange(s): New York

Ticker Symbol: APM

Number of Employees:

1988	8,750	1985	3,900
1987	6,940	1984	4,500
1986	4,070		

Plant Footage:

1988	1,232,750 sq. ft.	1986	599,760
1987	804,085	1985	595,260

Sales & Earnings x

	Net Sales +	Net Income
1988	$ 293,024,000	$ 23,731,000
1987	211,940,000	15,911,000
1986	128,119,000	3,012,000
1985	120,751,000	3,352,000
1984	145,938,000	3,558,000

	No. of Com. Shares †	Earn. per Share †
1988	15,434,789	$ 1.54
1987	14,495,134	1.10
1986	13,498,110	0.22
1985	12,990,680	0.26
1984	13,371,584	0.27

x Restated to reflect adoption of SFAS No. 96, "Accounting for income taxes."
+ Of continuing operations only.
† Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	5%	—
1984	—	5%	—

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1988	$ 168,316,000	$ 11.76
1987	148,698,000	10.19
1986	97,792,000	7.73
1985	93,107,000	7.39
1984	89,149,000	7.07

‡ Restated.
‡ Adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Sept. 30	1988	1987‡
Net sales	$ 293,024,000	$ 211,940,000
Cost of sales	213,568,000	149,401,000
Expenses	53,133,000	45,142,000
Interest income	(2,473,000)	(1,896,000)
Interest expense	775,000	704,000
Other expense	744,000	454,000
Income before taxes	$ 27,277,000	$ 18,135,000
Income taxes	3,546,000	2,224,000
Net Income	$ 23,731,000	$ 15,911,000

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $16,502,000 in 1988 and $11,829,000 in 1987.

Assets

As of Sept. 30	1988	1987‡
Cash	$ 11,641,000	$ 32,331,000
Accts. receiv., net	65,986,000	42,865,000
*Inventories	48,878,000	27,531,000
Income taxes	801,000	—
Prepaid expenses	6,719,000	5,197,000
Current Assets	$ 134,025,000	$ 107,924,000
#Fixed assets	123,681	82,565,000
Intangibles	12,366,000	—
Other assets	3,025,000	3,173,000
Total Assets	$ 273,097,000	$ 193,662,000

Liabilities

	1988	1987‡
Long-term debt, curr.	$ 1,567,000	$ 1,354,000
Notes payable	2,445,000	—
Accts. payable	23,044,000	11,965,000
Accrued payroll & other liab.	20,137,000	8,981,000
Income taxes	—	1,965,000
Other liabilities	5,192,000	3,912,000
Curr. Liabilities	$ 52,385,000	$ 28,177,000
Long-term debt	41,007,000	3,605,000
Def. income taxes	1,098,000	646,000
Other liabilities	10,291,000	12,536,000
+Common stock	1,468,000	1,459,000
Add. paid-in capital	93,294,000	92,818,000
Retained earnings	77,133,000	53,402,000
Cum. trans. adjust.	738,000	1,019,000
Treasury stock	(4,317,000)	—
Total Liabilities & Shareholders' Equity	$ 273,097,000	$ 193,662,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.31	8.56
%Net Income to Sales	8.10	7.51
%Net Income to Equity	14.10	10.70
Sales to Inventories	6.00	7.70
Debt to Equity	0.27	0.03
Working Capital	$ 81,640,000	$ 79,747,000
Current Ratio	2.56	3.83
Shareholders' Equity	$ 168,316,000	$ 148,698,000

Applied Materials, Inc.

3050 Bowers Avenue
Santa Clara, California 95054-3299
(408) 727-5555

P.O. Box 58039
Santa Clara, California 95052-8039

Officers: James C. Morgan, chairman & chief exec. officer; James W. Bagley, president & chief operating officer; Gerald F. Taylor, v.p.-finance & chief financial officer; Dana C. Ditmore, v.p.-corp. quality & Customer Service Division; Peter R. Hanley, v.p.-Etch Products Division; Tetsuo Iwasaki, v.p., & pres.-Applied Materials Japan; Dan Maydan, v.p., & president-Applied Deposition Technology Division; Howard L. Neff, v.p.-Epitaxial Products Division; John G. Stewart, v.p.-Implant Division; Glen O. Toney, v.p.-human & physical resources; Joseph R. Bronson, controller; Nancy H. Handel, treasurer; Donald A. Slichter, secretary.

Directors: James C. Morgan, chairman; James W. Bagley, George B. Farnsworth, Philip V. Gerdine, Alfred J. Stein, Hiroo Toyoda.

Areas of Work: Develops, manufactures and markets semiconductor wafer processing equipment, including chemical vapor deposition systems, epitaxial reactors, plasma etch systems, and ion implanters.

Divisions:

Etch Products Division
Applied Deposition Technology Division
Epitaxial Products Division
Customer Service Division
Implant Division

Subsidiaries:

Applied Materials Europe B.V.
Amsterdam, The Netherlands

Applied Materials Limited
Bracknell, Berks, United Kingdom
Livingston, Scotland

Applied Materials S.A.R.L.
Paris, France
Milan, Italy

Applied Materials GmbH
Munich & Stuttgart, West Germany

Applied Materials Japan
Tokyo, Kumamoto, Narita, Niigata, Oita, Osaka, Sendai, Japan
Tokyo, Kumamoto, Narita, Niigata, Ohita, Osaka & Sendai, Japan

Applied Materials China Service Center
Beijing, People's Republic of China

Applied Materials Korea
Seoul, Korea

Transfer Agent(s):

Bank of America NT & SA
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AMAT (NASDAQ)

Number of Employees:

1988	1,765	1985	1,359
1987	1,406	1984	1,474
1986	1,415		

Plant Footage:

1988	633,600 sq. ft.	1986	633,600
1987	633,600	1985	633,600

Sales & Earnings

	Net Sales	Net Income
1988	$ 362,758,000	$ 40,020,000
1987	174,444,000	336,000
1986	149,261,000	1,860,000
1985	174,595,000	9,187,000
1984	168,400,000	13,728,000

	No. of Com Shares ‡	Earn. per Share ‡
1988	16,491,000	$ 2.43
1987	14,140,000	0.02
1986	13,322,000	0.14
1985	13,160,000	0.70
1984	13,076,000	1.05

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 200,807,000	$ 12.67
1987	153,608,000	9.93
1986	93,746,000	7.14
1985	86,796,000	6.70
1984	74,752,000	5.83

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	10/30/88	10/25/87
Net sales	$ 362,758	$ 174,444
Cost of sales	192,094	103,061
Expenses:		
Research & develop.	43,477	31,204
Marketing & selling	34,246	23,049
Gen. & administrative	22,413	15,047
Other expenses	3,828	1,505
Income bef. taxes	$ 66,700	$ 578
Income taxes	26,680	242
Net Income	$ 40,020	$ 336

* Included in Costs and Expenses, Depreciation and Amortization: $11,430,000 in 1988 and $9,269,000 in 1987.
‡ Restated.

Assets
(000's)

As of	10/30/88	10/25/87
Cash & cash equiv.	$ 58,219	$ 44,815
Short-term invest.	42,570	25,907
Accts. receiv., net	98,624	49,527
*Inventories	53,757	47,139
Deferred inc. taxes	17,992	5,464
Other curr. assets	4,997	6,307
Current Assets	$ 276,159	$ 179,159
#Fixed assets	55,994	47,039
Other assets	7,055	6,428
Total Assets	$ 339,208	$ 232,626

Liabilities
(000's)

	10/30/88	10/25/87
Notes payable	$ 8,987	$ 3,283
Long-term debt, curr.	1,488	1,446
Accts. payable & accruals	93,310	43,098
Est. inc. taxes	13,200	303
Curr. Liabilities	$ 116,985	$ 48,130

Long-term debt	11,346	21,112
Deferred inc. taxes	6,998	8,500
Other obligations	3,072	1,276
+Common stock	158	155
Add. paid-in capital	116,983	113,214
Retained earnings	74,267	34,247
Cum. trans. adjust.	9,399	5,992
Total Liabilities & Shareholders' Equity	$ 339,208	$ 232,626

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.39	0.33
%Net Income to Sales	11.03	0.19
%Net Income to Equity	19.93	0.22
Sales to Inventories	6.75	3.70
Debt to Equity	0.11	0.17
Working Capital	$ 159,174,000	$ 131,029,000
Current Ratio	2.36	3.72
Shareholders' Equity	$ 200,807,000	$ 153,608,000

Applied Solar Energy Corporation

(75% owned by American Cyanamid Company)

15251 E. Don Julian Road
P.O. Box 1212
City of Industry, California 91749-1212
(818) 968-6581

Officers: William J. Murray, chairman of the board; Gerard McLarnon, president & chief executive officer; Frank F. Ho, v.p.-solar cell engineering; Raymond L. Waguespack, v.p.-business development; John Tracy, v.p.-optoelectronic products; Kathleen J. Batistelli, secretary; David M. Drillock, director-finance.

Directors: William J. Murray, chairman; Jerry Grey, Eugene B. Konecci, Frederick W. Armstrong, Albert J. Costello, Richard L. Martino.

Areas of Work: Designs, manufactures and markets photovoltaic products which convert sunlight into electrical power for use on earth and in space; and photodetectors which change light into electronic signals for optical scanners and readers in medical, data processing, telecommunications and machinery control applications. In addition, the Company manufactures electronic military training systems through its subsidiary, Simulaser Corporation.

Subsidiary:

Simulaser Corporation
City of Industry, California
Manufactures weapons similation systems based on laser/detector technology.

Transfer Agent(s):

U.S. Stock Transfer Corp.
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SOLR (NASDAQ)

Number of Employees:

1988 .... 253 1986 255
1987 .... N.A.

Plant Footage:

1988 .... 135,100 sq. ft. 1986 89,600
1987 .... N.A.

Sales & Earnings

	Net Sales +	Net Income #
1988	$ 27,151,000	$ (3,090,000)
1987	30,837,000	1,262,000
1986	17,146,000	2,727,000)
1985	11,179,000	(3,723,000)
1984	16,981,000	2,910,000

	No. of Com. Shares ‡	Earn. per Share #‡
1988	3,378,000	$ —
1987	3,384,000	0.37
1986	3,369,000	—
1985	3,362,000	—
1984	3,389,000	0.86

(Loss)
+ Includes other revenues.
# Including extraordinary gains of $283,000 ($0.08 per share) in 1987 and $891,000 ($0.26 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 14,030,000	$ 4.15
1987	17,108,000	5.06
1986	15,761,000	4.68
1985	18,476,000	5.50
1984	22,097,000	6.52

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	10/29/88	10/31/87
Net revenues	$ 27,151	$ 30,837
Cost of revenues	21,490	22,133
Expenses:		
Res. & prod. develop.	2,033	806
Sell., adm. & general	6,098	5,959
Interest expense	620	543
Inc. (loss) bef. taxes	$ (3,090)	$ 1,396
Income taxes	—	417
Net Income (Loss)	$ (3,090)	$ 979
Extraord. gain	—	283
Net Income (Loss) & extraord. gain	$ (3,090)	$ 1,262

* Included in Costs and Expenses, Depreciation and Amortization: $2,936,000 in 1988 and $2,681,000 in 1987.

Assets
(000's)

As of	10/29/88	10/31/87
Cash & temp. invest.	$ 373	$ 147
Accts. receiv., net	1,402	2,643
Costs in exc. of billings	4,623	4,337
*Inventories	1,714	3,057
Prepaid expenses	553	606
Current Assets	$ 8,665	$ 10,790
#Fixed assets	18,528	18,579
Other assets	717	756
Total assets	$ 27,910	$ 30,125

Liabilities
(000's)

Demand note pay.	$ 8,781	$ 8,052
Long-term debt & cap. lease oblig., curr.	86	95
Accts. payable	2,279	2,168
Accrued comp.	665	806
Other accruals	817	472
Inc. taxes payable	—	134
Allow. for losses on contracts	145	81
Curr. Liabilities	$ 8,587	$ 3,572
Long-term debt & cap. lease oblig.	1,048	1,150
Deferred taxes	59	59
+Common stock	21,027	21,015
Retained earnings (deficit)	(6,997)	(3,907)
Total Liabilities & Shareholders' Equity	$ 27,910	$ 30,125

* At lower of average cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.53
%Net Income to Sales	—	3.17
%Net Income to Equity	—	5.72
Debt to Equity	0.71	0.54
Shareholders' Equity	$ 14,030,000	$ 17,108,000

Armatron International, Inc.

2 Main Street
Melrose, Massachusetts 02176
(617) 321-2300

Officers: Charles J. Housman, chairman of the board, president & treasurer; Sal DeYoreo, v.p.; Elliot J. Englander, clerk.

Directors: Charles J. Housman, chairman; Edward L. Housman, Elliot J. Englander, Craig Spangenberg, William Welsh.

Areas of Work: The Company manufactures radios, which it supplies on an OEM basis to a major automobile manufacturer, electronic insect killing devices and branch and leaf chipper/shredders for consumer use.

Divisions:

Automatic Radio Division

Flowtron Outdoor Products Division

Transfer Agent(s):

Registrar and Transfer Co.
New Jersey

Stock Exchange(s): American

Ticker Symbol: ART

Number of Employees: (yearly average)

1988 .... 178 1987 178

Plant Footage:

1988 .... 84,000 sq. ft. 1987 50,000

Sales & Earnings

	Net Sales ‡	Net Income †
1988	$ 33,181,000	$ 130,000
1987	21,343,000	(871,000)
1986	23,310,000	(11,489,000)
1985	25,843,000	(7,978,000)
1984	34,840,000	2,555,000

	No. of Com. Shares #	Earn. per Share †#
1988	2,540,871	$ 0.05
1987	2,540,871	—
1986	2,543,446	—
1985	2,544,350	—
1984	2,531,851	1.01

(Loss)
‡ Of continuing operations only.
† Including extraordinary gain of $33,000 ($0.01 per share) in 1988.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 4,321,000	$ 1.70
1987	4,191,000	1.65
1986	5,051,000	1.99
1985	16,608,000	6.53
1984	24,540,000	9.69

# Based on the weighted average number of shares outstanding.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 33,181,000	$ 21,343,000
Cost of sales	26,577,000	18,395,000
Expenses	5,712,000	5,045,000
Other income	(279,000)	(217,000)
Interest expense	1,041,000	1,003,000
Gain on rl. est. sale	—	(512,000)
Inc. (loss) bef. taxes	$ 130,000	$ (2,371,000)
Income taxes	33,000	—
Inc. (loss)-cont. oper.	$ 130,000	$ (2,371,000)
Inc.-discont. oper.	—	1,500,000
Net Income (Loss)	$ 97,000	$ (871,000)
Extraord. gain	33,000	—
Net Income (Loss) & extraord. gain	$ 130,000	$ (871,000)

* Included in Costs and Expenses, Depreciation and Amortization: $429,000 in 1988 and $493,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 79,000	$ 135,000
Accts. receiv., net	6,442,000	3,047,000
*Inventories	6,634,000	4,199,000
Prepaid expenses	200,000	476,000
Bldg. held for sale	691,000	691,000
Current Assets	$ 14,046,000	$ 8,548,000
Notes & morg. receiv.	—	2,750,000
#Fixed assets	1,547,000	1,461,000
Other assets	100,000	5,000
Total Assets	$ 15,693,000	$ 12,764,000

Liabilities

Notes payable	$ 7,496,000	$ 3,933,000
Long-term debt, curr.	533,000	591,000
Accts. payable	1,010,000	1,377,000
Warranty costs	195,000	423,000
Interest	152,000	234,000
Payroll	208,000	264,000
Other liab.	744,000	696,000
Curr. Liabilities	$ 10,338,000	$ 7,518,000
Long-term debt	1,034,000	1,055,000
+Common stock	2,606,000	2,606,000
Add. paid-in capital	6,770,000	6,770,000
Retained earnings (deficit)	(4,809,000)	(4,939,000)
Treasury stock	(246,000)	(246,000)
Total Liabilities & Shareholders' Equity	$ 15,693,000	$ 12,764,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.39	—
%Net Income to Sales	0.29	—
%Net Income to Equity	2.24	—
Sales to Inventories	5.00	5.08
Debt to Equity	2.10	1.33
Working Capital	$ 3,708,000	$ 1,030,000
Current Ratio	1.36	1.14
Shareholders' Equity	$ 4,321,000	$ 4,191,000

Arrow Electronics, Inc.

25 Hub Drive
Melville, New York 11747
(516) 391-1300

Officers: John C. Waddell, chairman of the board; Stephen P. Kaufman, president & chief exec. officer; T. Wayne Anthony, v.p. & president-Schuylkill Metals Corporation; Robert E. Klatell, sr. v.p., general counsel & secretary; Dominic A. Polimeni, v.p. & chief financial officer; Thomas F. Hallam, v.p.-human resources; Wesley S. Sagawa, v.p.; William J. Smith, v.p.; Don E. Burton, v.p.; Thomas S. Catalano, v.p. & controller; Robert J. McInervey, v.p.; John S. Smith, v.p..

Directors: John C. Waddell, chairman; Thomas M. Davidson, Stephen P. Kaufman, Lawrence R. Kem, Wallace W. Booth, Daniel W. Duval, J. Spencer Gould.

Areas of Work: Distributors of electronic components, systems and related products.

Divisions and Subsidiaries:

Arrow Electronics Canada Ltd.
Distribution of electronic products in Canada.

Spoerle Electronic Handelsgesellschaft mbH & Co.
(40% owned)
West Germany
Electronics distributor in West Germany.

Axiom Electronics Ltd.
England
Distribution of electronic products in England.

Kierulff Electronics
Los Angeles, California
Electronics distributor in the U.S.

MTI Systems Corp.
Port Washington, New York
Markets computer systems directly to a broad array of computer end-users.

Ducommun Data Systems
Electronics distributor in the U.S.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: ARW

Number of Employees:

1988 2,775

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 1,006,379,000	$ 23,201,000
1987	562,399,000	(2,887,000)
1986	501,795,000	(31,899,000)
1985	508,230,000	(10,883,000)
1984	708,344,000	12,817,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	11,503,000	$ 1.55
1987	6,700,000	—
1986	6,527,000	—
1985	6,422,000	—
1984	6,417,000	2.40

(Loss)
+ Of continuing operations only.
† Including extraordinary loss of $3,632,000 in 1986.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	0.15	—	—
1985	0.20	—	—
1984	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 77,887,000 †	$ 6.77
1987	26,529,000 †	3.96
1986	32,945,000 †	5.05
1985	69,943,000	10.89

† After allowing for preferred stock at liquidation value.
# Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 1,006,379	$ 562,399
Cost of sales	792,285	450,596
Expenses	178,793	125,709
Interest expense	30,193	18,805
Gain on sale of prop.	—	(13,390)
Eq. in earn. of affil. co.	(4,630)	(3,502)
Inc. (loss) - cont. oper.	$ 9,738	$ (15,819)
Inc. - discont. oper.	13,463	12,932
Net Income (Loss)	$ 23,201	$ (2,887)

* Included in Costs and Expenses, Depreciation and Amortization: $10,791,000 in 1988 and $5,671,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 9,693	$ 13,409
Accts. receiv., net	159,818	92,797
Income taxes	557	557
*Inventories	208,665	125,276
Prepaid expenses	3,576	2,076
Assets-discont. oper.	—	19,294
Current Assets	$ 382,309	$ 253,409
#Fixed assets	31,907	22,681
Invest. in affil. co.	48,226	51,935
Intangibles	49,401	1,962
Other assets	18,295	9,315
Total Assets	$ 530,138	$ 339,302

Liabilities
(000's)

Notes payable	$	2,817	$	2,520
Long-term debt, curr.		1,778		1,768
Accts. payable		75,874		37,102
Accruals		27,962		20,538
Accrued interest		8,077		5,819
Curr. Liabilities	$	116,508	$	67,747
Long-term debt		132,126		58,443
Def. inc. taxes & other liab.		25,617		7,599
Subord. deben.		108,000		108,984
+ Preferred stock		280		280
++ Common stock		11,477		6,754
Add. paid-in capital		140,131		111,406
Retained earnings (deficit)		(3,112)		(20,888)
Treasury stock		(21)		(27)
Emp. stock awards		(868)		(996)
Total Liabilities & Shareholders' Equity	$	530,138	$	339,302

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value; convertible exchangeable.
++ $1 par value.

Statistical Summary

% Net Income to Equity		4.38		—
Sales to Inventories		4.82		4.49
Debt to Equity		0.92		0.65
Working Capital	$	265,801,000	$	185,662,000
Current Ratio		3.28		3.74
Shareholders' Equity	$	147,887,000	$	96,529,000

ARTRA GROUP Incorporated

500 Central Avenue
Northfield, Illinois 60093
(312) 441-6650

Officers: John J. Harvey, chairman of the board; Peter R. Harvey, president; John G. Hamm, exec. v.p.; James D. Doering, v.p., treasurer & chief financial officer; Robert S. Gruber, v.p.-corp. relations; Lawrence D. Levin, controller; Edwin G. Rymek, secretary.

Directors: John J. Harvey, chairman; Peter R. Harvey, Roland J. Joyce, Dieter E. A. Tannenberg.

Areas of Work: Through Sargent-Welch Scientific Company, a wholly owned subsidiary, the Company develops, manufactures, markets and distributes a broad, diverse line of analytical instruments, scientific apparatus, laboratory equipment, teaching systems, supplies, chemicals and furniture to industrial, educational and governmental markets. In addition, through Lori Corporation, a 70.4%-owned subsidiary, the Company designs, manufactures and distributes jewelry and accessories.

Subsidiaries:

Sargent-Welch Scientific Company
7300 North Linder Avenue
Skokie, Illinois 60077
(312) 677-0600

Products manufactured by Sargent-Welch include balances, charts, Cryo-Source cryogenic refrigerators, electric meters, fluorimeters, hot plates, laboratory clamps and supports, mechnical high vacuum pumps, refrigeration pumps and oil-less piston compressors, prepared microscope slices, Milikan apparatus, nuclear scalers, ovens, pH/ISC meters, Polarograph Voltammetric analyzers, preserved animals, potentiometric stripchart records, ripple tanks, Sargent-Slomin eletrodeposition apparatus, living and mounted specimens, stirrers, thermostatic baths and turbomolecular high vacuum pumps, related accessories and many other electroanalytical instruments, laboratory appliances and devices, hardware and demonstration apparatus items, ranging from simple to complex, used in industrial applications and for teaching anatomical, biological, chemical, mathematical and physical properties and principles. In addition to manufactured products, Sargent-Welch also serves as distributor for more than 1,000 suppliers of complementary products, including other instruments and apparatus, chemicals, laboratory glassware and furniture, plasticware, porcelainware, hardware, filter paper and computer software.

Lori Corporation (70.4%-owned)
500 Central Avenue, Box 8902
Northfield, Illinois 60093
(312) 441-7300

Designs and distributes jewelry and accessories, writing instruments and lighters.

Envirodyne Industries Inc. (26.7% interest)
142 East Ontario Street
Chicago, Illinois 60611
(312) 649-0600

Manufactures polymeric film products used to process and package meat, poultry and cheeses; plasticized polyvinyl chloride film, primarily for use in packaging food items; and disposable plastic cutlery, drinking straws, customdining kits and related items.

Transfer Agent(s):

Continental Illinois National Bank and Trust Company of Chicago
231 LaSalle Street
Chicago, Illinois 60693

Stock Exchange(s): New York

Ticker Symbol: ATA

Number of Employees:

1987 .... 3,100 1986 3,300

Plant Footage: *

1987 .... 485,000 sq. ft.

* Electronics-related operations only.

Sales & Earnings

		Net Sales +		Net Income †
1987	$	204,500,000	$	(4,600,000)
1986		81,200,000		900,000
1985		56,400,000		(6,300,000)
1984		—		400,000
1983		—		(8,300,000)

	No. of Com. Shares		Earn. per Share † ‡
1987	3,100,000	$	—
1986	2,900,000		0.25
1985	2,680,000		—
1984	2,200,000		0.18
1983	2,200,000		—

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $881,000 ($0.30 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

		1987		1986
Jewelry & accessories	$	128,075,000	$	76,228,000
Scientific products		76,431,000		4,961,000
Total	$	204,506,000	$	81,189,000

Common Stock

		Cash Dividend	Stock Dividend	Stock Split
1987	$	—	—	—
1986		0.165	—	
1985		0.22	—	—
1984		0.22	—	—
1983		0.22	—	—

Common Stock Equity

		Total Equity		Equity Per Share
1987	$	19,700,000	$	6.35
1986		23,800,000		8.22
1985		17,500,000		6.54
1984		17,700,000		8.04
1983		17,800,000		8.08

Income Account
(000's)

Year ended Dec. 31		1987		1986
Net sales	$	204,506	$	81,189
Cost of sales		124,370		38,295
Expenses		71,503		35,153
Depreciation & amortization		4,347		1,780
Eq. in earn. of Envirodyne		(11,151)		(4,982)
Gain on sale of Envirodyne		(5,029)		(1,324)
Compen. from purch. of Envirodyne stock		—		(6,615)
Interest expense		18,669		9,200
Other Income		(593)		(911)
Income before taxes	$	2,390	$	10,593
Income taxes		2,585		5,822
Minority interests		(1,083)		123
Income from cont. oper.	$	888	$	4,648
Loss from discont. oper.		(6,390)		(3,739)
Net Income (Loss)	$	(5,502)	$	909
Extraord. gain		881		—
Net Income (Loss) & extraord. gain	$	(4,621)	$	909

Assets
(000's)

As of Dec. 31		1987		1986
Cash	$	8,088	$	57,047
Accts. receiv., net		44,480		34,912
*Inventories		38,565		42,669
Other curr. assets		7,343		3,005
Current Assets	$	98,476	$	137,633
Investments		30,627		21,473
#Fixed assets		23,169		25,669
Other assets		8,960		8,861
Intangibles		67,505		62,912
Total Assets	$	228,737	$	256,548

Liabilities
(000's)

Notes payable	$	85,711	$	139,218
Long-term debt, curr.		20,009		2,071
Other long-term debt		17,424		—
Accts. payable		16,724		16,182
Amts. due to rel. parties		2,595		2,557
Accruals		14,228		20,301
Payable for securities		767		2,996
Income taxes		1,782		1,865
Curr. Liabilities	$	159,240	$	185,190
Long-term debt		35,061		39,494
Minority interest		1,323		2,411
Deferred inc. taxes		4,026		1,929
Other liabilities		1,775		1,709
Redeem common stock		7,586		1,948
+Common stock		2,329		2,214
Add. paid-in capital		18,723		18,177
Retained earnings (deficit)		(1,495)		3,949
Cum. trans. adjust.		171		5
Treasury stock		(2)		(478)
Total Liabilities & Shareholders' Equity	$	228,737	$	23,867

* At lower of cost or market. Scientific Products at LIFO; jewelry at FIFO.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Equity	—	3.81
Sales to Inventories	5.30	1.90
Debt to Equity	8.02	7.57
Shareholders' Equity	$ 19,726,000	$ 23,867,000

Arvin Industries, Inc.

1531 13th Street
Columbus, Indiana 47201
(812) 379-3000

Officers: James K. Baker, chairman & chief exec. officer; Loren K. Evans, president & chief operating officer; Haren B. Thakor, v.p.-finance; W. Frederick Meyer, v.p.-public affairs; V. William Hunt, v.p.-administration; H. Robert Leland, v.p. & president-Calspan Corporation; Francis J. Myers, v.p.; James S. Smith, v.p. & president-Roll Coater, Inc.; Charles H. Watson, v.p. & president-Arvinyl; Ronald J. Rosin, v.p. & president-ArvinAir; Joe T. Atkins, v.p. & president-North American Automotive; J. Kevin Nemeth, v.p. & president-Schrader Automotive Inc.; Byron O. Pond, v.p. & president-Maremont Corporation; Clyde R. Davis, v.p.-personnel services; J. William Kendall, v.p.-community relations; Stanley R. Wheeler, asst. treasurer; Page E. Gifford, asst. secretary; David M. Main, asst. secretary; Rex L. Emshwiller, asst. controller.

Directors: James K. Baker, chairman; Joseph P. Allen, Loren K. Evans, Douglas G. Fleming, Richard W. Hanselman, V. William Hunt, Don J. Kacek, Haren B. Thakor, Frederick R. Meyer, Steven C. Beering, Richard M. Ringoen, Robert E. Fowler, Jr..

Areas of Work: Operates in four business segments: Automotive -- manufacture of mufflers, exhaust and tail pipes, catalytic converters, corrosion resistant coatings and other metal tubular parts, interior trim parts and exterior trim moldings, vinyl metal truck and bus parts, and restraint systems and tire testing services; Consumer -- manufacture of replacement exhaust systems, shocks and other ride control products, evaporative cooling products, portable electric fans heaters, wind turbine home attic ventilators, and various forms of painted and vinyl-laminated steel for appliance housings; Government -- provides research in the areas of aerodynamcis, automotive crash testing and accident research, aircraft systems, electronic systems analysis, surface and laser chemistry, non-destructive material evaluation and networked computer systems, and also manufactures sophisticated electronic monitoring systems; Industrial -- supplies tire valves and valve cores for heavy-duty truck and other commercial applications, and precoated coils of steel and aluminum for pre-engineered buildings, evaporative coolers, research and testing.

Divisions and Subsidiaries:

Calspan Corporation
Advanced Technology Center
P.O. Box 400
Buffalo, New York 14225
(716) 632-7500

Research, development and testing services, electronic products and systems.

Arvinyl Division
Columbus, Indiana; Corona, California

Supplies industries with vinyl-to-metal laminates; this prefinished product is fabricated into microwave and computer housings, humidifiers, cameras, architectural panels, display cabinets, automotive parts, portable electric heaters, housewares, electronic equipment housings. Heat-sealed padded vinyls and form-padded vinyls used in office machines, appliances and the automotive industry.

Schrader Automotive Inc.
Nashville, Tennessee

Manufactures tire valves and accessories, tire pressure gauges, pneumatic connections, dual tire visualizers, tank valves, air conditioner components, valve cores, and bicycle valves.

Maremont Corporation
Carol Stream, Illinois

Manufactures automotive shocks, struts, exhaust systems and related parts, gas springs and vacuum actuators.

North American Automotive Division
1531 13th Street
Columbus, Indiana 47201

Arvin North American Automotive
30903 Northwestern Highway
Farmington Hills, Michigan 48018

101 Center Street
Greenwood, Indiana 46142
(317) 881-2551

1001 Hurricane Avenue
Franklin, Indiana 46131
(317) 736-7111

505 Industrial Drive
North Vernon, Indiana 47265
(812) 346-5750

U.S. Highway 43 and Mill Street
Fayette, Alabama 3555
(205) 932-6735

P.O. Box 339
Dexter, Missouri 63841
(314) 624-7411

Arvin Automotive of Canada, Ltd.
(formerly General Tubes, Ltd.)
2[illegible]8 Bowes Road
Concord, Ontario L4K 1B4, Canada
(416) 669-1080

Manufactures specialty tubular products for automotive exhaust systems.

Roll Coater, Inc.
U.S. Route 40 East
P.O. Box 787
Greenfield, Indiana 46140
(317) 462-7761

Kingsbury Industrial Park
P.O. Box 326
Kingsbury, Indiana 46345
(219) 393-3561

Produces pre-decorated coils of aluminum and steel.

ArvinAir
500 South 15th Street
Phoenix, Arizona 85034
(602) 257-0060

Manufactures portable electric heaters, wind turbine ventilators, evaporative coolers.

Systems Research Laboratories, Inc.
Dayton, Ohio

Manufactures sophisticated electronic monitoring systems and provides government and industrial customers with research and development services in the areas of aircraft systems, defense electronics and non-destructive material evaluation.

Transfer Agent(s):

Harris Trust and Savings Bank
311 West Monroe Street
P.O. Box 755
Chicago, Illinois 60606

Stock Exchange(s): New York, Midwest

Ticker Symbol: ARV

Number of Employees:

1988	16,866
1987	16,529
1986	17,823
1985	11,421
1984	12,700

Plant Footage:

1988	12,083,000 sq. ft.
1987	10,555,000
1986	10,785,000
1985	6,914,000
1984	7,205.000

Sales & Earnings

	Net Sales #	Net Income
1988	$ 1,313,309,000	$ 16,477,000
1987	1,306,950,000	47,588,000
1986	924,315,000	41,207,000
1985	749,384,000	35,872,000
1984	654,122,000	30,226,000

	No. of Com. Shares +	Earn. per Share ‡
1988	18,655,000	$ 0.70
1987	18,610,000	2.41
1986	16,160,000	2.46
1985	16,632,000	2.21
1984	15,136,000	1.94

+ Adjusted to reflect stock splits.
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.
# Of continuing operations only.

Revenues By Line of Business
(000's)

	1988	1987
Automotive	$ 465,719	$ 523,061
Consumer	518,654	487,416
Government	191,876	168,673
Industrial	137,060	127,800
Total	$ 1,313,309	$ 1,306,950

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 0.68	—	—
1987	0.68	—	
1986	0.65	—	—
1985	0.61	—	4-for-3
1984	0.57	—	3-for-2

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity +	Equity Per Share ‡
1988	$ 358,535,000	$ 19.22
1987	373,507,000	20.07
1986	259,185,000	16.04
1985	246,964,000	14.85
1984	202,500,000	13.38

+ After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	1/1/89	1/3/88
Net sales	$ 1,313,309	$ 1,306,950
Cost of sales	1,078,489	1,048,565
Expenses	164,418	155,710
Interest expense	22,415	23,950
Interest income	(3,139)	(1,409)
Other income	(6,421)	(5,581)
Income before taxes	$ 28,847	$ 82,056
Income taxes	12,370	34,440
Inc.-cont. oper.	$ 16,477	$ 47,616
Loss-discont. oper.	(12,929)	(28)
Net Income	$ 3,548	$ 47,588

* Included in Costs and Expenses, Depreciation: $45,496,000 in 1988 and $42,591,000 in 1987.

Arvin Industries, Inc.

Assets
(000's)

As of	1/1/89	1/3/88
Cash and temp. investments	$ 22,164	$ 21,917
Accts. receiv., net	253,685	188,682
*Inventories	176,862	165,154
Other current assets	43,844	38,958
Current Assets	$ 496,555	$ 414,711
#Fixed assets	337,332	317,162
Exc. of cost over acq. assets	176,567	31,745
Other assets	47,687	44,544
Total Assets	$ 1,058,141	$ 808,162

Liabilities
(000's)

Notes payable and long-term debt, curr.	$ 79,566	$ 21,102
Accts. payable	90,021	58,260
Accrued emp. comp.	36,357	27,735
Accrued restruc. charge	13,851	—
Other accruals	47,067	37,132
Income taxes	10,892	5,412
Curr. Liabilities	$ 277,754	$ 149,641
Long-term debt	344,759	203,455
Minority interest	2,590	2,465
Deferred inc. taxes	24,503	27,751
+ Preferred stock	48,712	49,974
++ Common stock	52,140	51,403
Add. paid-in capital	129,398	127,210
Retained earnings	221,656	234,188
Cumulative translation adjustment	3,058	3,774
Treasury stock	(46,429)	(41,699)
Total Liabilities & Shareholders' Equity	$ 1,058,141	$ 808,162

* At lower of cost (principally LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
++ $2.50 par value.

Statistical Summary

%Net Income to Equity	0.87	11.20
Sales to Inventories	7.43	7.91
Debt to Equity	1.04	0.53
Working Capital	$ 218,801,000	$ 265,070,000
Current Ratio	1.79	2.77
Shareholders' Equity	$ 408,535,000	$ 424,850,000

ARX Inc.

35 South Service Road
Plainview, New York 11803
(516) 594-6700

(Formerly Aeroflex Laboratories Incorporated)

Officers: Julius D. Winer, chairman of the board & president; Harvey R. Blau, vice chairman of the board; Michael Gorin, v.p.-finance & treasurer; Richard A. Carey, secretary.

Directors: Julius D. Winer, chairman; Harvey R. Blau, Robert Bradley, Milton Brenner, Ernest E. Courchene, Jr., Jerome Fox, Eugene Novikoff, John S. Patton, Maurice Friedman.

Areas of Work: Engaged in the design, development and production of precision stabilization and tracking devices, radio frequency filters, helical shock and vibration isolaters, advanced semiconductor sub-assemblies, magnetic products and electro-optical scanning devices.

Subsidiaries:

Aeroflex Laboratories, Inc.
35 South Service Road
Plainview, New York 11803

Aeroflex International, Inc.
Caguas, Puerto Rico
Produces the Isolator product line.

Aeroflex Systems Corp.
700 N. Fairfax Street
Alexandria, Virginia 22314
Supplies analytical, design and engineering, and specialized computer software support services to mililitary contractors involved in major weapons systems programs and to the U.S. armed forces.

Huxley Envelope Corp.
Brooklyn, New York
Manufactures custom-printed and standard envelopes.

Filtron Co., Inc.
Old Bethpage, New York
Designs and manufactures radio frequency filters and shielded enclosures.

Vibration Mountings & Controls, Inc.
113 Main Street
Bloomingdale, New Jersey 07403
Manufactures shock and vibration control devices.

VTX Electronics Corp. (70%-owned)
Farmingdale, New York
Designs, distributes and assembles a wide range of electronic and video cabling systems.

Korfund Dynamics Corporation
Manufactures an industrial line of spring and rubber shocks mounts and acoustical dampeners and enclosures.

Acquisition:

T-CAS, Inc.
McLean, Virginia
Specializes in the design and implementation of telecommunications and electronic systems for government, industrial and commercial customers.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: ARX

Number of Employees:

1988	1,300	1985	780
1987	870	1984	573
1986	845		

Plant Footage:

1988	311,000 sq. ft.	1985	287,000
1987	291,000	1984	285,000
1986	291,000		

Sales & Earnings

	Net Sales	Net Income #
1988	$ 86,695,374	$ 4,919,748
1987	60,642,763	6,048,767
1986	53,951,512	5,136,839
1985	47,958,948	4,768,264
1984	36,234,015	4,152,150

	No. of Com. Shares †	Earn. per Share #†
1988	8,092,885	$ 0.61
1987	6,668,837	0.91
1986	6,691,883	0.77
1985	6,604,783	0.72
1984	6,889,989	0.60

# Including extraordinary loss of $245,408 ($0.03 per share) in 1988.
† Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Revenues By Line of Business

	1988	1987
Elect. & magnetic prods.	16,546,217	$ 18,190,252
Mechanical syst.	25,571,652	22,847,190
Envelopes	11,035,663	11,404,322
Syst. support & analysis	15,143,411	9,117,783
Electronic wire & cable distr.	19,127,695	—
Interseg. sales	(729,264)	(916,784)
Total	$ 86,695,374	$ 60,642,763

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	10%	—
1987	—	—	
1986	—	10% & 5%	—
1985	—	10%	—
1984	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 60,007,713	$ 7.16
1987	38,424,535	5.84
1986	33,266,680	5.07
1985	27,730,339	4.27
1984	24,701,084	3.66

‡ Adjusted to reflect stock dividends and stock split.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 86,695,374	$ 60,642,763
Other income	2,522,982	2,166,269
Total income	$ 89,218,356	$ 62,809,032
Cost of sales	61,685,490	40,362,964
Expenses	19,088,806	12,647,166
Interest expense	2,747,347	2,951,115
Eq. in loss (inc.) of affil.	99,978	(246,980)
Income before taxes	$ 5,596,735	$ 7,094,767
Income taxes	400,000	1,046,000
Minority interest	31,579	—
Net Income	$ 5,165,156	$ 6,048,767
Extraord. loss	(245,408)	—
Net Income & extraord. loss	$ 4,919,748	$ 6,048,767

* Included in Costs and Expenses, Depreciation and Amortization: $4,579,415 in 1988 and $3,936,985 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 4,772,854	$ 1,375,037
Short-term invest.	9,679,029	13,175,190
Accounts receiv., net	29,097,849	22,446,551
Refund inc. taxes	1,830,124	—
*Inventories	25,620,197	11,937,673
Prepaid expenses & other assets	1,353,775	1,291,937
Current Assets	$ 72,353,828	$ 50,226,388
Invested cash	6,267,000	5,910,000
#Fixed assets	28,714,414	21,445,697
Deben. issuance costs	—	1,136,200
Market. eq. secur.	388,136	376,029
Intangibles	7,425,489	1,390,328
Invest. in affil.	66,553	3,751,629
Other assets	1,194,506	621,799
Total Assets	$ 116,409,926	$ 84,858,070

Liabilities

Bank loan payable	$ 2,500,000	$ 2,500,000
Long-term debt. curr.	367,375	179,415
Accts. payable	6,806,921	2,030,531
Accruals	4,850,968	4,795,180
Inc. taxes pay	541,583	1,831,193
Curr. Liabilities	$ 15,066,847	$ 11,336,319
Long-term debt	37,267,138	33,455,216
Deferred income taxes	2,548,000	1,642,000
Minority interest	1,520,228	—
+Common stock	911,818	632,589
Add. paid-in capital	56,459,341	30,553,168
Retained earnings	7,759,858	9,774,572
Treasury stock	(5,055,293)	(2,501,275)
Unrealized loss on invest.	(68,011)	(34,519)
Total Liabilities & Shareholders' Equity	$ 116,409,926	$ 84,858,070

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.46	11.70
%Net Income to Sales	5.96	9.97
%Net Income to Equity	8.61	15.74
Sales to Inventories	3.38	5.08
Debt to Equity	0.67	0.94
Working Capital	$ 57,286,981	$ 38,890,069
Current Ratio	4.80	4.43
Shareholders' Equity	$ 60,007,713	$ 38,424,535

Astrex, Inc.

205 Express Street
Plainview, New York 11803
(516) 433-1700

Officers: Ronald S. Kass, president & chief executive officer; Frederick I. Levy, v.p. & secretary.

Directors: Mark Schindler, Frederick I. Levy, Ronald S. Kass, Thomas J. Sandleitner, Harvey Martin.

Areas of Work: Distributor of electronic parts and components in the Delaware Valley, New York and New England areas.

Divisions and Subsidiaries:

Resco Electronics Division
Pennsauken, New Jersey
(609) 662-4000
Baltimore, Maryland

Progress Electronics Co., Inc.
Plainview, New York 11803

Progress International Ltd.
Plainview, New York 11803
(516) 433-1700

T.F. Cushing, Inc.
West Springfield, Massachusetts

Connector Company Division
Hamden, Connecticut
(203) 624-0127

ASI Electronics Corporation
Endwell, New York
(607) 754-3823

Transfer Agent(s):

Mellon Securities Trust Company (common stock)
New York, New York

United States Trust Company of New York (debentures)
New York, New York

Stock Exchange(s): American

Ticker Symbol: ASI

Number of Employees:

1988	N.A.	1987	115

N.A.--Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 22,163,330	$ (2,508,940)
1987	21,716,487	(4,265,748)
1986	25,176,459	1,125,867
1985	28,105,037	1,471,964
1984	23,314,385	(1,040,844)

	No. of Com. Shares ‡	Earn per Share ‡
1988	1,074,347	$ —
1987	1,081,131	—
1986	1,213,855	0.93
1985	1,534,312	0.96
1984	1,600,014	—

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ (1,859,361)	$ —
1987	649,579	0.60
1986	5,449,832	4.49
1985	6,959,077	4.54
1984	8,818,220	5.51

(Deficiency)
‡ Based on the average number of shares outstanding.

Income Account*

Year ended March 31	1988	1987
Net sales	$ 22,166,330	$ 21,716,487
Other income	451,089	605,942
Total revenues	$ 22,617,419	$ 22,322,429
Cost of sales	16,191,876	17,391,338
Expenses	5,664,491	5,473,700
Prov. for doubt. accts.	91,050	187,424
Interest expense	1,904,443	2,255,197
Real loss on sale of secur.	—	1,130,898
Unreal loss on secur.	—	849,603
Other expenses	1,028,569	—
Loss before taxes	$ (2,263,010)	$ (4,965,731)
Income taxes (credit)	80,287	(1,007,166)
Loss-cont. oper.	$ (2,343,297)	$ (3,958,565)
Loss-discont. oper.	(165,643)	(307,183)
Net Loss	$ (2,508,940)	$ (4,265,748)

* Included in Costs and Expenses, Depreciation and Amortization: $228,412 in 1988 and $227,448 in 1987.

Assets

As of March 31	1988	1987
Cash	$ 3,460,811	$ 1,820,033
Marketable securities	—	6,901,563
Accts & notes receiv., net	3,078,775	3,071,006
Refund inc. taxes	285,380	1,376,065
*Inventories	7,740,061	9,076,380
Prepaid expenses	62,263	77,197
Deferred income taxes	—	168,127
Deben. issuance costs	77,107	693,380
Current Assets	$ 14,704,397	$ 23,183,751
#Fixed assets	475,434	538,424
Prop. held for rental	1,347,330	1,386,957
Debenture issu. costs	565,453	—
Other assets	182,393	257,174
Intangibles	970,785	1,019,674
Total Assets	$ 18,245,792	$ 26,385,980

Liabilities

Notes payable	3,500,000	5,300,000
Long-term debt, curr.	37,035	261,281
Accts. payable	1,002,335	782,813
Due to brokers	—	3,427,538
Accruals	809,293	561,464
Conv. subord. deben.	1,528,000	13,097,000
Est. loss on guarantees	—	362,124
Curr. Liabilities	$ 6,876,663	$ 23,792,220
Est. loss on guarantees	311,801	369,503
Conv. subord. deben.	11,569,000	—
Long-term debt	1,347,689	1,547,678
+Common stock	306,780	306,780
Add. paid-in capital	9,957,119	9,957,119
Retained earnings (deficit)	(2,378,331)	130,609
Treasury stock	(9,744,929)	(9,744,929)
Total Liabilities & Shareholders' Equity	$ 18,245,792	$ 26,385,980

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.16 2/3 par value.

Statistical Summary

Sales to Inventories	2.86	2.39
Debt to Equity	—	10.94
Working Capital	$ 7,827,734	$ 3,484,304
Current Ratio	2.14	1.15
Shareholders' Equity (Deficiency)	$ (1,859,361)	$ 649,579

Astro-Med, Inc.

Astro-Med Industrial Park
600 East Greenwich Avenue
West Warwick, Rhode Island 02893
(401) 828-4000

Officers: Albert W. Ondis, chairman & chief executive officer; Everett V. Pizzuti, president & chief operating officer; Jacques V. Hopkins, secretary; Eugene S. Libby, v.p., treasurer & chief financial officer; David M. Gaskill, v.p.-research & development; Gordon W. Bentley, v.p.-manufacturing, Instruments; Elias G. Deeb, v.p.-media products.

Directors: Albert W. Ondis, Jacques V. Hopkins, Everett V. Pizzuti, Allan M. Gittleman, Hermann Viets.

Areas of Work: Designs, develops, manufactures and sells a comprehensive line of high speed graphic recording and printing systems.

Subsidiary:

Astro-Med International, Inc.
Foreign Sales Corporation (FSC).

Transfer Agent(s):

Fleet National Bank
Providence, Rhode Island

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALOT (NASDAQ)

Number of Employees:

1988	215	1985	180
1987	205	1984	175
1986	185		

Astro-Med, Inc.

Plant Footage:

1988	67,000 sq. ft.	1985	67,000
1987	67,000	1984	34,000
1986	67,000		

Sales & Earnings

	Net Sales †	Net Income
1989	$ 21,378,950	$ 2,110,609
1988	16,308,989	1,440,667
1987	12,174,844	659,640
1986	10,686,771	931,884
1985	9,904,875	1,027,243

	No. of Com. Shares +	Earn. per Share #
1989	3,261,488	$ 0.64
1988	3,250,695	0.44
1987	3,242,034	0.21
1986	3,208,491	0.29
1985	3,054,379	0.38

† Of continuing operations only.
+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 13,649,817	$ 4.19
1988	11,403,398	3.51
1987	10,115,412	3.12
1986	9,299,256	2.90
1985	8,115,995	2.66

‡ Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1989	1988
Net sales	$ 21,378,950	$ 16,308,989
Cost of sales	10,956,624	8,640,341
Expenses	6,929,733	5,308,726
Interest income	(208,632)	(207,075)
Interest expense	225,166	174,444
Other expense (income)	20,450	(78,114)
Inc. bef. taxes	$ 3,455,609	$ 2,470,667
Income taxes	1,345,000	1,030,000
Net Income	$ 2,110,609	$ 1,440,667

* Included in Costs and Expenses, Depreciation and Amortization: $638,737 in 1989 and $454,200 in 1988.

Assets

As of Jan. 31	1989	1988
Cash & cash equiv.	$ 698,892	$ 683,414
Short-term invest.	1,554,734	1,258,530
Accts. receiv., net	4,696,417	3,982,937
*Inventories	3,313,259	3,191,187
Amts. due from officers	—	273,436
Prepaid expenses & other curr. assets	228,560	154,051
Current Assets	$ 10,491,862	$ 9,543,555
#Fixed assets	7,425,229	6,160,162
Other assets	2,088,078	1,805,522
Total Assets	$ 20,005,169	$ 17,509,239

Liabilities

Long-term debt, curr.	$ 506,703	$ 351,703
Accts. payable	1,181,560	1,404,370
Accrued compensation	525,604	332,280
Other accruals	548,798	397,187
Income taxes	182,556	467,771
Curr. Liabilities	$ 2,945,221	$ 2,953,311
Long-term debt	2,470,956	2,405,992
Deferred inc. taxes	939,175	746,538
+ Common stock	163,074	108,357
Add. paid-in capital	4,533,623	4,531,155
Retained earnings	9,366,623	7,256,014
Unreal. loss on eq. secur.	(25,370)	(103,995)
Treasury stock	(388,133)	(388,133)
Total Liabilities & Shareholders' Equity	$ 20,005,169	$ 17,509,239

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.16	15.15
%Net Income to Sales	9.87	8.83
%Net Income to Equity	15.46	12.63
Sales to Inventories	6.45	5.11
Debt to Equity	0.22	0.24
Working Capital	$ 7,546,641	$ 6,590,244
Current Ratio	3.56	3.23
Shareholders' Equity	$ 13,649,817	$ 11,403,398

Astrosystems, Inc.

6 Nevada Drive
Lake Success, New York 11042
(516) 328-1600

Officers: Seymour Barth, chairman of the board & president; Elliot J. Bergman, vice president & secretary; Gilbert H. Steinberg, vice president & treasurer.

Directors: Seymour Barth, Elliot J. Bergman, Morton L. Certilman, Gilbert H. Steinberg.

Areas of Work: Designs and manufactures proprietary electronic and electromechanical products for precision monitoring and control of industrial, military and aerospace processes, and often used in conjunction with computers, programmable controllers and microprocessors.

Divisions and Subsidiaries:

Astrosystems International, Inc.
6 Nevada Drive
Lake Success, New York 11042

AstroPower Division
30 Lovett Avenue
Newark, Delaware 19711

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ASTR (NASDAQ)

Number of Employees:

1988	225	1985	170
1987	N.A.	1984	130
1986	217		

N.A.--Not Available.

Plant Footage:

1988	70,250 sq. ft.	1985	37,000
1987	N.A.	1984	33,000
1986	64,675		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 13,965,000	$ 379,000
1987	13,192,000	2,384,000
1986	12,212,000	2,828,000
1985 *	7,422,000	1,853,000
1984	11,495,000	3,258,000

	No. of Com. Shares	Earn. per Share ‡
1988	5,682,000	$ 0.07
1987	5,868,000	0.40
1986	5,861,000	0.51
1985 *	4,995,000	0.35
1984	4,976,000	0.61

* 10 months.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 34,888,000	$ 6.14
1987	35,561,000	6.06
1986	33,177,000	5.66
1985	25,668,000	5.14
1984	23,744,000	4.77

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended June 30	1988	1987
Net sales	13,965,000	$ 13,192,000
Cost of sales	12,802,000	9,615,000
Expenses	2,824,000	2,284,000
Investment income	(1,905,000)	(2,375,000)
Income before taxes	$ 244,000	$ 3,668,000
Income taxes (credit)	(135,000)	1,284,000
Net Income	$ 379,000	$ 2,384,000

* Included in Costs and Expenses, Depreciation and Amortization: $285,000 in 1988 and $214,000 in 1987.

Assets

As of June 30	1988	1987‡
Cash	$ 11,436,000	$ 8,156,000
Marketable securities	16,826,000	21,507,000
Accts. & notes receiv.	7,604,000	7,305,000
* Inventories	7,190,000	7,293,000
Prepaid inc. taxes	897,000	—
Prepaid expenses & other assets	854,000	865,000
Current Assets	$ 44,807,000	$ 45,126,000
Long-term invest.	648,000	—
# Fixed assets	1,023,000	1,019,000
Total Assets	$ 46,478,000	$ 46,145,000

Liabilities

Accts. payable	$ 725,000	$ 454,000
Accruals	370,000	1,029,000
Accrued payroll & profit sharing	717,000	770,000
Income taxes	—	128,000
Curr. Liabilities	$ 1,812,000	$ 2,381,000

Deferred taxes	9,778,000	8,203,000
+ Common stock	568,000	587,000
Add. paid-in capital	10,801,000	11,834,000
Retained earnings	23,519,000	23,140,000
Total Liabilities & Shareholders' Equity	$ 46,478,000	$ 46,145,000

‡ Restated.
*At lower of cost (FIFO) or market.
# Less accumulated depreciation. # Less accumulated depreciation.
+$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.75	27.80
%Net Income to Sales	2.71	18.07
%Net Income to Equity	1.09	6.70
Sales to Inventories	1.94	1.81
Working Capital	$ 42,995,000	$ 42,745,000
Current Ratio	24.73	18.95
Shareholders' Equity	$ 34,888,000	$ 35,561,000

Atari Corporation

1196 Borregas Avenue
Sunnyvale, California 94086
(408) 745-2000

Officers: Jack Tramiel, chairman of the board, Sam Tramiel, president & chief executive officer; Gregory A. Pratt, v.p.-finance & chief financial officer; Garry Tramiel, v.p.-administration & secretary; Leonard Tramiel, v.p.-software development; Elton Southard, v.p.-semiconductor operations; Samuel W.L. Chin, vice president; Taro Tokai, vice president; Steven M. Kawalick, v.p. & treasurer; Leonard Tramiel, v.p.-software development.

Directors: Jack Tramiel, chairman; Sam Tramiel, Samuel W. L. Chin, Leonard I. Schreiber, Gregory A. Pratt, Michael Rosenberg.

Areas of Work: Manufactures personal computers and related peripherals and accessories and video game systems.

Subsidiaries:

Atari (Benelux) B.V.
Atari (Canada) Corp.
Atari Computers Pty. Ltd.
Atari France S.A.
Atari Computers GmbH
Atari Italia S.P.A.
Atari (Japan) Corp.
Atari (Mexico) S.A. de C.V.
Atari (Mexico) Fabricante S.A. de C.V.
Atari Corp. Sverige AB-(Sweden)
Atari (Schweiz) AG
Atari Taiwan Manufacturing Corp.
Atari Corp. (U.K.) Ltd.
Atari Technology Corp.
Atari (U.S.) Corporation
Atari Explorer Publications Corp.
Ordenadores Atari S.A.
Styra Semiconductor Corporation
Tambercombe Ltd. (Hong Kong)
Tramel Trading Ltd.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American, Midwest, Pacific, Philadelphia

Ticker Symbol: ATC

Number of Employees:

1988 ....1,780 1987 4,090

Plant Footage:

1988 .... 180,000 sq. ft. 1987 180,000

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 452,201,000	$ (84,818,000)
1987	362,608,000	57,429,000
1986	258,131,000	44,516,000
1985	141,987,000	(14,314,000)

	No. of Com. Shares	Earn. per Share † ‡
1988	57,739,000	$ —
1987	57,703,000	0.99
1986	57,788,000	0.95
1985	32,683,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $13,277,000 ($0.23 per share) in 1987 and $19,466,000 ($0.42 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 82,231,000	$ 1.42
1987	167,655,000	2.91
1986	105,422,000	1.82
1986	(19,477,000)	—

(Deficiency)

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 452,201	$ 362,608
Cost of sales	280,448	205,033
Expenses:		
Res. & develop.	21,364	18,046
Mktng. & distr.	71,874	53,810
Gen. & adm.	18,923	13,703
Interest expense	4,783	3,167
Interest income	(5,351)	(7,121)
Other expense (income)	1,657	(7,262)
Income before taxes	$ 58,503	$ 83,232
Income taxes	19,100	33,823
Inc.-cont. oper.	$ 39,403	$ 49,409
Loss-discont. oper.	(124,221)	(5,257)
Net Income (Loss)	$ (84,818)	$ 44,152
Extraord. gain	—	13,277
Net Income & extraord. gain	$ (84,818)	$ 57,429

* Included in Costs and Expenses, Depreciation and Amortization: $2,076,000 in 1988 and $1,817,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. cash invest.	$ 91,890	$ 94,094
Accts. receiv., net	100,564	90,861
*Inventories	117,903	123,756
Prepaid expenses	3,403	2,217
Other curr. tax assets	10,322	—
Net assets-discont. oper.	—	20,818
Current Assets	$ 324,082	$ 331,746
#Fixed assets	8,463	7,343
Net assets-discont. oper.	—	36,192
Other assets	5,813	10,621
Total Assets	$ 338,358	$ 385,902

Liabilities
(000's)

Notes payable	$ 18,509	$ 9,153
Accts. payable	52,651	69,512
Net liab.-discont. oper.	47,401	—
Income taxes	11,435	19,212
Accruals	50,131	45,370
Curr. Liabilities	$ 180,127	$ 143,247
Long-term oblig.	75,000	75,000
+Common stock	577	577
Add. paid-in capital	142,658	142,247
Notes receiv.-stock sale	(1,141)	(1,417)
Retained earnings (deficit)	(59,945)	24,873
Trans. adjust.	1,082	1,375
Total Liabilities & Shareholders' Equity	$ 338,358	$ 385,902

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	—	26.34
Sales to Inventories	3.84	2.93
Debt to Equity	1.12	0.50
Working Capital	$ 143,955,000	$ 188,499,000
Current Ratio	1.80	2.32
Shareholders' Equity	$ 83,231,000	$ 167,655,000

Audiotronics Corporation

7428 Bellaire Avenue
North Hollywood, California 91605
(818) 765-2645

Mailing Address:
Box 3997
North Hollywood, California 91609

Officers: Charles A. Musson, chairman, president & chief exec. officer; James R. Hopkins, sr. v.p.-finance & secretary; William Y. Kim, v.p., treasurer & controller.

Directors: James R. Hopkins*, Charles A. Musson*, Walter Liberato, Robert H. Klugman, William Y. Kim*.

* Member of the Executive Committee

Areas of Work: Designs, engineers and markets audiovisual products and instructional programs for education and training applications.

Subsidiary:

Leda Corporation
Develops prototypes and assembles parts for various electronic industry companies.

Transfer Agent(s):

Continental Stock Transfer & Trust Co.
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: ADO

Number of Employees: (at fiscal year end)

1988 ....65 1985 219
1987 ....34 1984 286
1986 54

Plant Footage:

1988 .... N.A. 1986 65,000
1987 .... 65,000 sq. ft.

N.A. - Not Available.

Audiotronics Corporation

Sales & Earnings

	Net Sales +	Net Income
1988	$ 5,165,000	$ (1,586,000)
1987	5,614,000	(295,000)
1986	5,668,000	(1,764,000)
1985	5,881,000	(2,889,000)
1984	7,106,000	556,000

	No. of Com. Shares #	Earn. per Share #
1988	1,189,161	$ —
1987	1,189,161	—
1986	1,189,161	—
1985	1,189,161	—
1984	1,216,104	0.46

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 376,000	$ 0.32
1987	1,960,000	1.65
1986	2,227,000	1.87
1985	3,989,000	3.35
1984	7,347,000	6.04

# Based on the weighted average number of common shares outstanding.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 5,165,057	$ 5,614,048
Cost of sales	4,333,455	4,394,180
Selling expenses	492,196	515,602
Interest expense	552,578	140,851
Gen. & adm. expense	1,373,316	858,642
Net Loss	$ (1,586,488)	$ (295,227)

* Included in Costs and Expenses, Depreciation: $145,421 in 1988 and $148,700 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 85,266	$ 124,139
Short-term invest.	1,521,439	3,549,235
Notes receivable	—	419,554
Accts. receiv., net	811,173	659,590
*Inventories	2,310,295	1,424,824
Prepaid expenses	48,074	67,363
Current Assets	$ 4,776,247	$ 6,244,705
#Fixed assets	539,942	474,583
Debenture costs	963,954	1,040,470
Other assets	199,759	22,943
Total Assets	$ 6,479,902	$ 7,782,701

Liabilities

Accts payable	$ 364,877	$ 268,087
Accrued payroll	350,338	80,957
Other accruals	18,057	57,539
Curr. Liabilities	$ 733,272	$ 406,583
Conv. subord. debentures	5,371,000	5,416,000
+Common stock	1,336,597	1,336,597
Add. paid-in capital	2,706,878	4,269,396
Retained earnings (deficit)	(2,207,311)	(620,823)
Treasury stock	(1,047,288)	(1,047,288)
Employee stock ownership	(413,246)	(1,977,764)
Total Liabilities & Shareholders' Equity	$ 6,479,902	$ 7,782,701

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	2.24	3.94
Working Capital	$ 4,042,975	$ 5,838,122
Current Ratio	6.51	15.36
Shareholders' Equity	$ 375,630	$ 1,960,118

Augat Inc.

89 Forbes Boulevard
P.O. Box 448
Mansfield, Massachusetts 02048
(617) 543-4300

Officers: Roger D. Wellington, chairman of the board; Marcel P. Joseph, president & chief executive officer; Gerald F. Barrett, executive v.p. & chief financial officer; Richard Eaton, v.p.-human resources; Ronald Tarrant, group v.p.-communications; Charles Henritzy, group v.p.-automotive; John E. Lynch, Jr., treasurer; Daniel J. Maher, Jr., corporate controller, Michael Deery, v.p.-international manufacturing; Anthony F. Lefkowicz, v.p. & gen. mgr.-automotive; Robert C. McIntyre, group v.p.-interconnection products; Kevin C. Walker, v.p.-international marketing.

Directors: Roger D. Wellington, chairman; Ernest H. Augat, Samuel S. Dennis, III, James A. Harmon, Vernon R. Alden, Gerald F. Barrett, David V. Ragone, Richard B. Young, Marcel P. Joseph, John N. Lemasters.

Areas of Work: Designs and manufactures electromechanical components, and precision materials for the electronic industry. The Company's principal products include integrated circuit sockets and accessories, connectors, coaxial cable network and fiberoptic interconnection products, subminiature switches, packaging panels, high density backplanes, computer aided design and wiring services, interconnection test probes and systems, and custom connector assemblies for the automotive and telecommunications industry.

Divisions and Subsidiaries:

Communications Group
Horseheads & Elmira, New York
Jupiter, Florida
Seattle, Washington

Interconnection Products Group
Attleboro, Mashpee, New Bedford, North Andover, & North Attleboro, Massachusetts; Carol Stream, Illinois; Lewisville, Texas; Newbury Park & Upland, California; Saddle Brook, New Jersey; Sanford, Maine; Smithfield, Rhode Island; Bioggio, Switzerland; Gotemba, Japan; Limerick, Ireland; Singapore.

Automotive Group
Boyne City, Chesterfield, Clinton, East Jordan, Mt. Clemens, & Troy, Michigan
San Antonio, Texas

Isotronics, Inc.
New Bedford, Massachusetts

Alcoswitch
North Andover, Massachusetts

Reed Devices, Inc.
Carol Stream, Illinois

Elfab Inc.
Manufactures non-military market press-fit high density backplanes and very high density connectors using both press-fit and surface mounting technology.

Altair International, Inc.

Telzon, Inc.

International Marketing

Augat Ltd.
Milton Keynes, England

Augat S.A.
Fresnes, France

Augat A.G.
Zug, Switzerland

Augat GmbH
Munich, Germany

Augat A.B.
Stockholm, Sweden

Augat Pty.
Sydney, Australia

Augat KK
Yokahoma, Japan

Augat Electronics, Inc.
Mississauga, Canada

Transfer Agent(s):

Chase Manhattan Bank, N.A.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AUG

Number of Employees:

1988	3,600	1985	3,800
1987	3,800	1984	4,000
1986	3,700		

Plant Footage:

1988	1,330,000 sq. ft.	1985	1,378,000
1987	1,619,000	1984	1,311,000
1986	1,530,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 320,988,000	$ (22,822,000)
1987	313,219,000	11,529,000
1986	260,356,000	(8,726,000)
1985	255,038,000	12,064,000
1984	257,110,000	24,119,000

	No. of Com. Shares #	Earn. per Share #
1988	17,891,000	$ —
1987	17,830,000	0.65
1986	17,770,000	—
1985	17,717,000	0.68
1984	17,666,000	1.37

(Loss)
# Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.40	—	—
1987	0.40	—	
1986	0.40	—	—
1985	0.38	—	—
1984	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 181,940,000	$ 10.17
1987	213,670,000	11.98
1986	196,938,000	11.08
1985	203,597,000	11.49
1984	190,229,000	10.77

+ Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 320,987,830	$ 313,219,287
Cost of sales	244,793,855	230,476,409
Expenses	64,535,127	63,062,540
Restructuring costs	39,000,000	781,000
Interest income	(368,525)	(2,395,140)
Interest expense	2,618,557	2,908,168
Income (loss) bef. taxes	$ (29,591,184)	$ 18,386,310
Income taxes (credit)	(6,703,000)	6,962,000
Minority interest	(66,000)	(105,000)
Net Income (Loss)	$ (22,822,184)	$ 11,529,310

* Included in Costs and Expenses, Depreciation and Amortization: $17,186,008 in 1987 and $13,582,967 in 1986.

Assets

As of Dec. 31	1988	1987
Cash & time deposits	$ 17,263,142	$ 19,836,329
Short-term investments	808,726	2,265,351
Accts. receiv., net	54,224,862	55,090,239
Refund. income taxes	6,319,000	—
*Inventories	73,911,720	78,115,837
Prepaid expenses	1,389,752	1,975,831
Current Assets	$ 153,917,202	$ 157,283,587
#Fixed assets	120,793,611	132,690,002
Other assets	3,682,367	13,479,446
Total Assets	$ 278,393,180	$ 303,453,035

Liabilities

	1988	1987
Notes payable	$ 4,000,000	$ 6,000,000
Long-term debt, curr.	3,510,913	2,179,709
Accts. payable	15,511,166	14,780,997
Taxes payable	4,116,168	10,567,659
Accrued payroll and other compensations	9,665,977	9,987,629
Accrued restructuring costs	23,915,728	2,040,502
Other accruals	5,531,785	6,178,166
Curr. Liabilities	$ 66,251,737	$ 51,734,662
Long-term debt	21,206,971	25,500,804
Minority interest	82,014	1,465,783
Deferred inc. taxes	8,912,935	11,081,428
+Common stock	1,792,283	1,787,366
Add. paid-in capital	56,768,350	56,204,074
Retained earnings	108,383,509	138,362,090
Curr. trans. adj.	15,104,838	17,426,285
Treasury stock	(109,457)	(109,457)
Total Liabilities & Shareholders' Equity	$ 278,393,180	$ 303,453,035

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	—	5.87
%Net Income to Sales	—	3.68
%Net Income to Equity	—	5.40
Sales to Inventories	4.34	4.01
Debt to Equity	0.16	0.16
Working Capital	$ 87,665,465	$ 105,548,925
Current Ratio	2.32	3.04
Shareholders' Equity	$ 181,939,523	$ 213,670,358

Auric Corporation

470 Frelinghuysen Avenue
Newark, New Jersey 07114
(201) 242-4110

Officers: Maurice Bick, president; Leo Kosowsky, vice president.

Directors: Maurice Bick, Leo Kosowsky, Theodore Cohn, Theodore Doll, Jr., Irving Marcus.

Areas of Work: Providing chemical products, gold processes and solutions equipment and materials, all of which are used in the electronics, aerospace, computer metalworking and jewelry industries.

Division:

Fidelity Chemical Products Corporation

Fidelity Chemical Products Corporation

Transfer Agent(s):

Midlantic National Bank
Newark, New Jersey

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988 55

Plant Footage:

1988 . . . . 30,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 12,992,719	$ 9,697,646
1987	9,697,646	341,376
1986	7,444,756	125,065
1985	8,902,860	255,137
1984	10,975,344	253,482

	No. of Com. Shares	Earn. per Share ‡
1988	370,800	$ 2.53
1987	370,800	0.85
1986	401,500	0.31
1985	401,500	0.64
1984	401,700	0.63

‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 3,633,019	$ 9.80
1987	2,747,857	7.02
1986	2,454,330	6.11
1985	2,329,265	5.80
1984	2,074,828	5.17

Income Account*

Year ended Sept. 30	1988	1987
Net sales	$ 12,992,719	$ 9,697,646
Cost of sales	8,515,552	7,007,461
Expenses	2,913,893	2,160,955
Interest expense	94,383	53,071
Interest income	(80,438)	(68,617)
Other income	(14,333)	—
Income before taxes	$ 1,563,662	$ 544,776
Income taxes	592,000	203,400
Net Income	$ 971,662	$ 341,376

* Included in Costs and Expenses, Depreciation and Amortization: $189,553 in 1988 and $174,953 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 825,001	$ 735,824
Marketable securities	600,375	777,212
Accts. receiv., net	2,073,435	1,359,440
*Inventories	965,860	781,881
Prepaid exp. & other assets	273,331	231,289
Current Assets	$ 4,738,002	$ 3,885,646
#Fixed assets	1,141,504	1,058,076
Value of life insur.	184,592	148,123
Deferred inc. taxes	—	42,800
Other assets	5,185	5,785
Total Assets	$ 6,069,283	$ 5,140,430

Liabilities

	1988	1987
Note payable	$ 121,840	$ 307,216
Long-term debt, curr.	110,000	50,000
Accts. payable	1,329,031	1,186,574
Accruals	298,960	174,784
Inc. taxes	162,400	152,000
Curr. Liabilities	$ 2,022,231	$ 1,870,574
Long-term debt	305,833	170,833
Deferred comp.	—	351,166
Deferred inc. taxes pay.	108,200	—
+Common stock	37,080	39,170
Add. paid-in capital	325,376	409,786
Retained earnings	3,270,563	2,298,901
Total Liabilities & Shareholders' Equity	$ 6,069,283	$ 5,140,430

*At lower of cost or market. Gold at LIFO; chemicals, solvents and supplies are valued using the FIFO method.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	12.03	5.62
%Net Income to Sales	7.48	3.52
%Net Income to Equity	26.75	12.42
Sales to Inventories	13.45	12.40
Debt to Equity	0.15	0.19
Working Capital	$ 2,715,771	$ 2,015,072
Current Ratio	2.34	2.08
Shareholders' Equity	$ 3,633,019	$ 2,747,857

Automatix Incorporated

755 Middlesex Turnpike
Billerica, Massachusetts 01821
(617) 667-7900

Officers: Michael J. Cronin, president & chief exec. officer; John J. Dias, v.p.-finance & treasurer; Donald L. Pieper, v.p.-research & development; David L. Engel, secretary.

Directors: Michael J. Cronin, R. Schorr Berman, Theodore H. Elliott, Jr., Arthur H. Reidel, Fontaine K. Richardson.

Areas of Work: The Company has two divisions operating within the field of factory automation. The Adaptive Automation Division develops, manufactures, markets and services adaptive automation systems that integrate robotics, machine control software, artificial vision and other sensors, all based on the Company's computer hardware and software technology. The CAD/CAM Division develops, markets and services a family of full function, 3-D design and 2-D drafting software used to provide total drafting control.

Divisions:

Adaptive Automation Division
CAD/CAM Division

SuperCads, Inc.
Santa Clara, California
Developed a platform independent full functionality three-dimensional CAD software package for mechanical design and drafting.

Automatix Incorporated

Transfer Agent(s):

American Stock Transfer and Trust Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AITX (NASDAQ)

Number of Employees:

1988	86	1985	291
1987	129	1984	368
1986	168		

Plant Footage:

1988	53,000 sq. ft.	1987	70,000

Sales & Earnings x

	Revenues	Net Income #
1988	$ 10,704,000	$ (4,977,000)
1987	12,015,000	(5,384,000)
1986	18,507,000	(8,857,000)
1985	29,478,000	(8,085,000)
1984	20,362,000	(15,417,000)

	No. of Com. Shares ‡	Earn. per Share #‡
1988	17,489,000	$ —
1987	13,558,000	—
1986	12,999,000	—
1985	12,930,000	—
1984	12,858,000	—

(Loss)
x Restated to include operations of SuperCads, Inc., acquired on a pooling of interests basis.
# Including extraordinary gain of $1,713,000 in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1988	$ 765,000	$ 0.04
1987	5,791,000	0.43
1986	6,665,000	0.51
1985	12,418,000	0.96
1984	18,205,000	1.42

x Restated.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Revenues	$ 10,704	$ 12,015
Cost of revenues	6,499	7,544
Expenses:		
Research & develop.	3,148	4,945
Marketing	3,127	2,869
Gen. & administrative	1,235	2,073
Other	1,500	(202)
Interest expense	172	170
Net Loss	$ (4,977)	$ (5,384)

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization. $249,000 in 1987 and $388,000 in 1986.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash & cash equiv.	$ 2,351	$ 4,622
Accts. receiv., net	1,699	3,146
*Inventories	666	2,574
Prepaid rent	295	886
Other curr. assets	58	133
Current Assets	$ 5,069	$ 11,361
#Fixed assets	338	588
Other assets	—	81
Total Assets	$ 5,407	$ 12,030

Liabilities
(000's)

Subord. convert. notes	$ 3,000	$ —
Accounts payable	601	1,681
Adv. from customers	239	294
Accruals	802	1,264
Curr. Liabilities	$ 4,642	$ 3,239
Subord. conv. notes	—	3,000
+Common stock	912	869
Add. paid-in capital	48,623	48,564
Accum. deficit	(49,027)	(44,050)
Eq. adjust from for. curr. trans.	257	408
Total Liabilities & Shareholders' Equity	$ 5,407	$ 12,030

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

Working Capital	$ 427,000	$ 8,122,000
Current Ratio	1.09	3.51
Shareholders' Equity	$ 765,000	$ 5,791,000

Auto-trol Technology Corporation

12500 North Washington Street
P.O. Box 33815
Denver, Colorado 80233
(303) 452-4919

Officers: Howard B. Hillman, chairman of the board & president; Jerry T. Sisson, v.p.-field operations; Richard M. Burkley, v.p.-research & development; David P. Hanna, v.p.-sales; Gail E. D. Heinzman, secretary; Allyson J. Sauer, asst. secretary.

Directors: Howard B. Hillman, chairman; William R. Usher, William R. Hambrecht, J. Roderick Heller, III.

Areas of Work: Develops, markets and supports distributed graphics solutions for computer-aided engineering, manufacturing, technical publishing and telecommunications.

Subsidiaries:

Auto-trol International Corporation
Auto-trol Technology Europe, Ltd.
Auto-trol Acquisition, Inc.
Auto-Technology (Canada) Ltd.
Spats & Associates, Inc.
ATTC International Sales Corporation
Old TRICAD, Inc.

Autotrol Technology S.A.
31, Rue Delizy
Pantin 93500, France

Autotrol Technology GmbH
Wanheimerstr. 39
Dusseldorf 30 4000, West Germany

Auto-trol Technology Australia
Suite 1603, Northpoint
100 Miller Street
North Sydney NSW 2060, Australia

Autotrol Technology Ltd.
Neville House
42/46 Hagley Road, Edgbaston
Birmingham B16 8PZ, England

Auto-trol Scandinavia AB
All Favagen 1-3
S-191 47 Sollentuna,
Sweden

Autotrol Technology GmbH
Paul-Gerhardt-Allee 50
8000 Munich 60, West Germany

Transfer Agent(s):

The First National Bank of Boston
40 Morrissey Road
Boston, Massachusetts 02125

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ATTC (NASDAQ)

Number of Employees:

1988	706	1985	672
1986	700	1984	666
1986	N.A.		

Plant Footage:

1988	125,000 sq. ft.	1985	125,000
1987	125,000	1984	139,000
1986	125,000		

N.A. - Not Available

Sales & Earnings

	Revenues	Net Income †
1988	$ 78,225,000	$ 2,141,000
1987*	53,764,000	1,162,000
1986	62,358,000	(7,038,000)
1985	65,360,000	(11,679,000)
1984	68,927,000	2,752,000

	No. of Com. Shares #	Earn. per Share †#
1988	6,786,000	$ 0.32
1987*	6,771,000	0.17
1986	6,510,000	—
1985	4,809,000	—
1984	4,731,000	0.58

(Loss)
* 9 months.
† Including extraordinary gains of $1,631,000 ($0.24 per share) in 1988, $547,000 ($0.08 per share) in 1987 and $1,300,000 ($0.27 per share) in 1984.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 28,338,000	$ 4.18
1987	25,599,000	3.78
1986	24,348,000	3.74
1985	30,220,000	6.28
1984	34,602,000	7.31

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Revenues	$ 78,225,000	$ 53,764,000
Cost of sales & services	36,663,000	26,290,000
Expenses	39,072,000	25,856,000
Italcad writedown	—	56,000
Interest expense	1,124,000	970,000
Interest income	(925,000)	(570,000)
Inc. bef. taxes	$ 2,291,000	$ 1,162,000
Income taxes	1,781,000	547,000
Net Income	$ 510,000	$ 615,000
Extraord. gain	1,631,000	547,000
Net Income & extraord. gain	$ 2,141,000	$ 1,162,000

* Included in Costs and Expenses, Depreciation and Amortization: $6,838,000 in 1988 and $3,591,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 10,160,000	$ 10,117,000
Short-term invest.	3,950,000	—
Receiv., net	14,419,000	13,124,000
*Inventories	3,814,000	2,708,000
Prepaid expenses & serv. parts	1,041,000	1,564,000
Current Assets	$ 33,384,000	$ 27,513,000
#Fixed assets	13,864,000	14,793,000
Service parts	2,293,000	3,292,000
Purch. software	1,728,000	2,606,000
Other assets	265,000	376,000
Total Assets	$ 51,534,000	$ 48,580,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 671,000	$ 903,000
Accts. payable	5,218,000	4,331,000
Accrued compen. & rel. taxes	1,142,000	601,000
Interest payable	2,657,000	2,283,000
Income taxes	1,539,000	1,400,000
Unearned serv. revenue	998,000	895,000
Other liab.	3,824,000	4,712,000
Curr Liabilities	$ 16,049,000	$ 15,125,000
Long-term liabilities	7,147,000	7,856,000
+Common stock	68,000	45,407,000
Add. paid-in capital	46,398,000	719,000
Cum. curr. trans. adjust.	(118,000)	(376,000)
Retained earnings (deficit)	(18,010,000)	(20,151,000)
Total Liabilities & Shareholders' Equity	$ 51,534,000	$ 48,580,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value in 1988; no par value in 1987.

Statistical Summary

%Income bef. Taxes to Revenues	2.93	2.16
%Net Income to Revenues	0.65	1.14
%Net Income to Equity	1.80	2.40
Debt to Equity	0.28	0.34
Working Capital	$ 17,335,000	$ 12,388,000
Current Ratio	2.08	1.82
Shareholders' Equity	$ 28,338,000	$ 25,599,000

Avantek, Inc.

3185 Bowers Avenue
Santa Clara, California 95054
(408) 727-0700

Officers: E. Oran Brigham, chairman, chief exec. officer & president; Gary G. Harmon, sr. v.p.-finance, chief financial officer & secretary; Robert E. Goff, exec. v.p.-business strategy and operations development; Lionel A. Kirton, sr. v.p. & group exec.-Microwave Semiconductor Division; Robert W. Busch, sr. v.p.-quality, materiel & human resources; Steven J. Allan, v.p. & controller; Richard J. Clark, v.p.-Amplifier Division; Robert M. Malbon, v.p.-gallium arsenide technology development; Peter L. Manno, v.p.-sales & commercial marketing; David A. Norbury, v.p.-Subassemblies Division; James E. Sterrett, v.p. & fellow; Michael E. Hart, treasurer & dir.-finance; Edward C.V. Winn, v.p.-Modular & Oscillator Components Division.

Directors: E. Oran Brigham, chairman; Roy A. Anderson, James F. Gibbons, Gary G. Harmon, William J. Perry, James E. Sterrett.

Areas of Work: Engaged in the design, manufacture and marketing of solid-state microwave and lower frequency semiconductors, components, and assemblies for use in various defense and commercial electronics applications.

Transfer Agent(s):

First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AVAK (NASDAQ)

Number of Employees:

1988	2,556	1985	3,246
1987	3,041	1984	2,762
1986	3,107		

Plant Footage:

1988 .... 631,000 sq. ft. 1987 776,000

Sales & Earnings

	Net Sales+	Net Income
1988	$ 123,544,000	$ (30,037,000)
1987	161,225,000	11,901,000
1986*	156,075,000	9,965,000
1985	130,241,000	17,690,000
1984	104,529,000	17,172,000

	No. of Com. Shares	Earn. per Share ‡
1988	17,541,000	$ —
1987	18,625,000	0.62
1986*	19,311,000	0.52
1985	19,208,000	0.92
1984	19,046,000	0.90

(Loss)
* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 116,062,000	$ 6.62
1987	154,080,000	8.27
1986	147,560,000	7.64
1985	135,962,000	7.08
1984	115,614,000	6.07

Income Account*
(000's)

Year ended	12/31/88	1/2/88
Net sales	$ 123,544	$ 161,225
Cost of sales	109,873	98,194
Expenses	49,458	45,999
Nonrecurring charges	8,851	—
Interest income	(1,064)	(1,272)
Income (loss) bef. taxes	$ (43,574)	$ 18,304
Income taxes (credit)	(18,302)	7,642
Income (loss) - cont. oper.	$ (25,272)	$ 10,662
Income (loss) - discont. oper.	(4,765)	1,239
Net Income (Loss)	$ (30,037)	$ 11,901

* Included in Costs and Expenses, Depreciation and Amortization: $14,731,000 in 1988 and $13,408,000 in 1987.

Assets
(000's)

As of	12/31/88	1/2/88
Cash	$ 5,995	$ 16,120
Accts. receiv., net	17,390	29,585
Costs in exc. of billings on uncompl. contracts	6,487	—
*Inventories	35,560	34,590
Prepaid expenses	2,701	2,335
Prepaid income taxes	11,447	5,826
Net assets - discont. oper.	—	25,266
Current Assets	$ 79,580	$ 113,722
#Fixed assets	68,682	70,079
Net prop. of discont. oper.	—	8,193
Total Assets	$ 148,262	$ 191,994

Liabilities
(000's)

	12/31/88	1/2/88
Accts. payable	$ 3,816	$ 5,973
Accrued payroll	9,589	9,325
Other accruals	4,496	2,285
Income taxes	—	2,953
Prov. for exc. plant capac.	3,593	—
Prov. for contract losses	4,173	—
Net liab. of discont. oper.	3,111	—
Current Liabilities	$ 28,778	$ 20,536
Deferred income	3,422	4,125
Deferred inc. taxes	—	13,253
+Common stock	48,231	50,633
+Junior common stock	295	309
Retained earnings	67,536	103,138
Total Liabilities & Shareholders' Equity	$ 148,262	$ 191,994

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Equity	—	7.72
Sales to Inventories	3.47	4.66
Working Capital	$ 50,802,000	$ 93,186,000
Current Ratio	2.77	5.54
Shareholders' Equity	$ 116,062,000	$ 154,080,000

Avnet, Inc.

80 Cutter Mill Road
Great Neck, New York 11021
(516) 466-7000

Officers: Leon Machiz, chairman, president and chief executive & operating officer; Albert Snider, exec. v.p.-operations; Stanley Benerofe, sr. v.p.; Edward Kaniger, sr. v.p.; Jordan Berman, sr. v.p.; John Lane, sr. v.p.; Irwin Lubalin, sr. v.p.; David Shaw, sr. v.p.; Sylvester Horlihy, sr. v.p.; John H. Regazzi, sr. v.p., treasurer & chief financial officer; Alvin A. Odintz, v.p.; Richard Deutsch, v.p.; Sam Farhy, v.p.; Daniel M. Robbin, v.p.; Donald Sweet, v.p.; George Kokkinakis, v.p.; Morton Vogel, v.p.; Anthony DeLuca, v.p.; Milton Graham, v.p.; Burton Katz, -v.p.; Walter Hyjek, v.p.; Steven W. Menefee, v.p.; William Rose, v.p. & general counsel; Raymond Sadowski, v.p. & controller; Richard Berger, v.p.; William Page, v.p.; David R. Birk, asst. secretary; Jane Wolf, asst. secretary; Stephanie Wagoner, asst. treasurer.

Directors: Leon Machiz*, chairman of the board; Harris E. Fischer, Albert A. List*, Louis Berger*, Sylvester D. Herlihy, George Weissman*, Alvin E. Friedman*, Jordan S. Berman, John W. Kenney*, J. Sidney Webb*, Salvatore J. Nuzzo*, Howard Stein*, Stanley Benerofe, Albert R. Snider.

* Member of the Executive Committee

Operating Groups:

Electronic Marketing Group

Hamilton/Avnet
Culver City, California
Distributor of electronic components and computer products. Products include semiconductor devices, microprocessors and microcontrollers, board level products, commercial and military connectors, passive components and other electronic devices. Value added services include kitting, PLD/PROM programming, cable assembly and ASIC design.

Time/Electro Air
Hauppauge, New York
Distributor of electronic military and commercial connectors, semiconductors, passives and other electronic and electromechanical components.

Haper S.I.D.
Compton, California
Distributor of connectors, switches, terminal boards and passive devices.

Avnet Computer Technologies, Inc.
Minneapolis, Minnesota
Sells or leases desktop computers and systems and computer products to end users.

Avnet Microtechnologies, Inc.
Wafer and die processing, wafer lot acceptance testing and semiconductor packaging. Testing services for LSI/VLSI semiconductors. gate arrays and ASIC products. Thick and thin film hybrid microelectronic circuits and surface-mounted assemblies.

Electrical and Industrial Group

Brownell Electro
New York, New York
Distributes instruments and controls, electric motors and repair parts.

Freeman Products, Inc.
Englewood, New Jersey
Trophy components, gifts and engravers supplies, plastic injection molding and zinc diecasting.

Lincoln Controls
Pawtucket, Rhode Island
Hydraulic and pneumatic controls.

Irving W. Rice & Co., Inc.
New York, New York
Markets a line of imported toiletry containers, night lights and illuminated mirrors.

Automotive Group

Mechanics Choice
Philadelphia, Pennsylvania
Distributor of fasteners, industrial shop supplies and tools, bulk and packaged chemicals, welding electrodes, hydraulic/pneumatic components, electrical wire/cable/terminals and automotive products.

Video Communications Group

Channel Master
Smithfield, North Carolina
TV antenna manufacturer, supplier of replacement color television tubes and antennas.

Avnet International (Taiwan) Ltd.
Kalhsiung, Taiwan
Stereo music and TV centers, cassette decks, turntables, compact disc players, satellite systems electronics and printed circuit boards.

Avnet Industries Malaysia
Kulai Johnor, Malaysia
Stereo music centers and turntables.

Compact Disc Industries (joint venture)
Hsinchu, Taiwan
Compact disc mechanisms.

Channel Master Satellite Systems, Inc.
Smithfield, North Carolina
Microwave components for CATV, MATV and satellite television.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: AVT

Number of Employees:

1988 .... 10,000 1987 9,500

Plant Footage:

1988 ...... 3,970,000 sq. ft. 1987 4,125,000

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 1,817,190	$ 52,174
1987	1,539,300	22,794
1986	1,415,600	23,857
1985	1,534,200	49,384
1984	1,635,500	86,808

	No. of Com. Shares #	Earn. per Share #
1988	35,756,000	$ 1.46
1987	35,748,000	0.64
1986	35,719,000	0.67
1985	35,584,000	1.39
1984	36,810,000	2.44

+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenue by Lines of Business
(000's)

	1988	1987
Electronic marketing group	$ 1,399,100	$ 1,183,700
Electrical & engineering	178,100	154,900
Automotive group	50,900	53,600
Video communications	189,100	147,100
Total	$ 1,817,200	$ 1,539,300

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.50	—	—
1987	0.50	—	
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1988	$ 696,022,000	$ 19.52
1987	657,851,000	18.42
1986	646,921,000	18.18
1985	638,491,000	17.97
1984	603,396,000	17.13

‡ After allowing for preferred stock at stated value.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 1,817,190,000	$ 1,539,286,000
Other income	12,060,000	7,773,000
Total income	$ 1,829,250,000	$ 1,547,059,000
Cost of sales	1,379,430,000	1,164,163,000
Expenses	347,571,000	325,042,000
Interest expense	15,950,000	11,242,000
Income before taxes	$ 86,299,000	$ 46,612,000
Income taxes	34,125,000	23,818,000
Net Income	$ 52,174,000	$ 22,794,000

* Included in Costs and Expenses, Depreciation and Amortization: $29,212,000 in 1988 and $27,328,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 4,508,000	$ 8,728,000
Market. securities	147,796,000	204,605,000
Receiv., net	297,550,000	244,646,000
*Inventories	538,509,000	435,425,000
Other curr. assets	12,368,000	12,373,000
Current Assets	$ 1,000,731,000	$ 905,777,000
#Fixed assets	117,714,000	121,512,000
Intangibles & other assets	34,128,000	35,069,000
Total Assets	$ 1,152,573,000	$ 1,062,358,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 5,333,000	$ 4,010,000
Accts. payable	170,613,000	115,364,000
Accruals	43,089,000	47,258,000
Income taxes	11,845,000	9,420,000
Dividend payable	4,453,000	4,459,000
Curr. Liabilities	$ 235,333,000	$ 180,511,000
Long-term debt	221,213,000	223,991,000
Preferred stock	5,000	5,000
+Common stock	35,777,000	35,757,000
Add. paid-in capital	129,136,000	127,896,000
Retained earnings	530,954,000	496,605,000
Treasury stock	(3,787,000)	(3,107,000)
Cum. trans. adjust.	3,942,000	700,000
Total Liabilities & Shareholders' Equity	1,152,573,000	$ 1,062,358,000

* At cost (FIFO) or market, whichever is lower.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	4.75	3.03
%Net Income to Sales	2.87	1.48
%Net Income to Equity	7.50	3.46
Sales to Inventories	3.37	3.54
Debt to Equity	0.33	0.35
Working Capital	$ 765,398,000	$ 725,266,000
Current Ratio	4.25	5.02
Shareholders' Equity	$ 696,027,000	$ 657,856,000

AVX Corporation

750 Lexington Avenue
New York, New York 10022-1208
(212) 935-6363

Officers: Marshall D. Butler, chairman of the board & chief exec. officer; Charles A. Dill, president & chief operating officer; Benedict P. Rosen, exec. v.p.; John Gilbertson, vice president; Allan H. Cole, vice president; Brian

Morris, vice president; Kim Ritchie, vice president; John Mann, vice president; Norman Yeung, vice president; John S. Johnson, controller; Joan Prager, secretary; Joseph R. Sicree, treasurer; Ilene L. Hearst, asst. treasurer.

Directors: Marshall D. Butler, chairman; Herbert E. Grier, D. K. Patton, Clare Rawson, A. Robert Towbin, Seymour Leslie, Donald K. Thostenson, Charles A. Dill, Martin Payson.

Areas of Work: Designs, manufactures and markets multilayer ceramic, tantalum and glass capacitors as well as Applications Specific components. Multilayer ceramic and tantalum capacitors are used extensively in conjunction with integrated circuits in a wide variety of applications. Glass capacitors find usage as storers of electrical energy in those applications having extremes in temperatures such as space and deep oil well drillings.

Divisions and Subsidiaries:

Radial Products Division
Myrtle Beach, South Carolina

Axial & Special Products Division
Conway, SC; Olean, New York

AVX Limited
Aldershot, England; Coleraine, Northern Ireland

AVX S.A.
Roven, France

AVX Israel
Jerusalem

Transfer Agent(s):

American Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AVX

Number of Employees:

1988	8,300	1985	5,100
1987	N.A.	1984	5,785
1986	N.A.		

Plant Footage:

1988	1,483,000 sq. ft.	1985	1,053,000
1987	N.A.	1984	779,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 408,939,000	$ 27,563,000
1987	271,888,000	15,811,000
1986	195,359,000	(3,098,000)
1985	178,684,000	(12,273,000)
1984	230,907,000	15,528,000

	No. of Com. Shares x	Earn. per Share x
1988	13,319,000	$ 2.07
1987	13,196,000	1.20
1986	12,274,000	—
1985	10,226,000	—
1984	9,395,000	1.65

(Loss)
+ Of continuing operations only.
x Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.18	—	—
1987	—	—	
1986	—	—	—
1985	0.24	—	—
1984	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 208,060,000	$ 15.85
1987	186,312,000	14.26
1986	153,565,000	11.81
1985	128,313,000	11.72
1984	115,207,000	12.24

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 408,939,000	$ 271,888,000
Cost of sales	292,264,000	198,386,000
Expenses	57,627,000	40,848,000
Interest income	(1,393,000)	(3,861,000)
Interest expense	11,990,000	9,980,000
Other expense	3,474,000	218,000
Income bef. taxes	$ 44,977,000	$ 26,317,000
Income taxes	17,414,000	10,506,000
Net Income	$ 27,563,000	$ 15,811,000

* Included in Costs and Expenses, Depreciation and Amortization: $28,159,000 in 1988 and $18,840,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 23,797,000	$ 16,505,000
Marketable securities	1,429,000	1,509,000
Accts. & notes receiv., net	52,291,000	60,943,000
*Inventories	81,701,000	77,577,000
Fut. inc. tax benefits	12,944,000	10,311,000
Other assets	3,073,000	4,392,000
Current Assets	$ 175,235,000	$ 171,237,000
#Fixed assets	203,628,000	195,958,000
Exc. of cost over value of assets acq.	22,476,000	30,292,000
Other assets	22,832,000	22,559,000
Total Assets	$ 424,171,000	$ 420,046,000

Liabilities

Long-term debt, curr.	$ 4,695,000	$ 5,455,000
Accts. payable	15,289,000	16,763,000
Accruals	35,704,000	40,107,000
Income taxes payable	5,469,000	2,817,000
Curr. Liabilities	$ 61,157,000	$ 65,142,000
Long-term debt	123,372,000	140,175,000
Deferred inc. taxes	25,777,000	23,730,000
Other liabilities	5,805,000	4,687,000
+ Common stock	13,129,000	13,068,000
Add. paid-in capital	117,892,000	117,276,000
Retained earnings	65,122,000	39,920,000
Cum. trans. adjust.	11,917,000	16,048,000
Total Liabilities & Shareholders' Equity	$ 424,171,000	$ 420,046,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.00	9.68
%Net Income to Sales	6.74	5.82
%Net Income to Equity	13.25	8.49
Sales to Inventories	5.01	3.50
Debt to Equity	0.62	0.75
Working Capital	$ 114,078,000	$ 106,095,000
Current Ratio	2.87	2.63
Shareholders' Equity	$ 208,060,000	$ 186,312,000

Aydin Corporation

700 Dresher Road
P.O. Box 349
Horsham, Pennsylvania 19044
(215) 657-7510

Officers: Ayhan Hakimoglu, chairman & president; Palle Christensen, exec. v.p. & president-Aydin West Coast; Melvyn Marple, v.p. & president-Aydin Controls; B. Jack Miller, v.p.-corp. marketing; John Vanderslice, sr. v.p. & president-Aydin Vector; Gary T. Boswell, v.p. & president-Aydin Computer & Monitor; Donald O. Wennerstrom, gen. mgr.-Aydin Radar & EW; James Whiteside, asst. v.p. & dir.-product assurance & support; Jay L. Landis, treasurer; Herbert Welber, controller & asst. treasurer; Robert A. Clancy, secretary; Zeynep B. Hakimoglu, asst. secretary; Geraldine A. Hakimoglu, asst. secretary & director-investor relations.

Directors: Ayhan Hakimoglu, chairman; Frederick G. Allen, Nev A. Gokcen, Wilbur L. Creech, Harry D. Train, II, Palle S. Christensen.

Areas of Work: Designs, manufactures and sells communications products and systems for satellite, troposcatter and line-of-sight, microwave radios, computer communications, data links and avionics, computer equipment and systems, high-resolution color monitors, workstations, air defense consoles and systems, radars, military computer systems, arm decoys and electronic warfare equipment.

Divisions and Subsidiaries:

AYDIN Corporation (West)
30/32 Great Oaks Boulevard
San Jose, California 95119
(408) 629-0100
(408) 629-1100

Digital microwave radios, troposcatter terminals, satellite earth stations and equipment, high-power amplifiers, telecom systems, radars, radar simulation and electronic warfare systems.

AYDIN Controls (U.K.) Ltd.
64 Wilbury Way
Hitchin, Hertfordshire SG4 0TP, England

Display terminals, workstations, color monitors and computer systems.

AYDIN Computer & Monitor Division
700 Dresher Road
Horsham, Pennsylvania 19044
(215) 657-8600

Command and control, ground data receive and processing equipment and systems; military display processors; large screen displays; and computer networking equipment.

AYDIN Vector Division
P.O. Box 328
47 Friends Lane
Newtown, Pennsylvania 18940
(215) 968-4271

Military avionics and special microcircuits; airborne data acquisition and transmission.

AYDIN Raytor Division
Commerce Drive
Montgomeryville Industrial Center
Montgomeryville, Pennsylvania 18936
(215) 855-1121

Electronics cabinets and sheet metal.

AYDIN Molded Devices Division
2170 Colorado Avenue
P.O. Box 4001
Santa Monica, California 90404-0401
(213) 829-5327
Vinyl components.

AYDIN Electro Fab Division
960 River Road
Croydon, Pennsylvania 19020
(215) 788-0401
Printed circuit boards.

AYDIN International U.K.
64 Wilbury Way
Hitchin, Hertfordshire SG4 0TP, England
Data acquisition, transmission and receive.

AYDIN Controls Division
414 Commerce Drive
Fort Washington, Pennsylvania 19034
(215) 542-7800
Color display terminals, workstations, color monitors, telecom multiplexers and transcoders.

AYDIN Corporation
Corporate Marketing Office
4660 Kenmore Avenue
Suite 1018
Alexandria, Virginia 22304
(703) 823-9735

Transfer Agent(s):

Mellon Bank (East) N.A.
One Mellon Plaza
Philadelphia, Pennsylvania 19101

Stock Exchange(s): New York

Ticker Symbol: AYD

Number of Employees:

1988	2,000	1985	2,000
1987	2,000	1984	2,000
1986	2,000		

Plant Footage:

1988	600,000 sq. ft.	1985	650,000
1987	650,000	1984	650,000
1986	650,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 169,655,000	$ 8,368,000
1987	149,240,000	14,806,000
1986	136,791,000	6,952,000
1985	133,019,000	3,799,000
1984	137,500,000	8,965,000

	No. of Com. Shares #	Earn. per Share +
1988	5,021,410	$ 1.66
1987	5,169,093	2.62
1986	5,584,531	1.21
1985	6,179,221	0.57
1984	6,716,374	1.30

# Adjusted to reflect stock split.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1988 (000's)	%	1987 (000's)	%
Telecommunications	$ 78,400	57 %	$ 89,500	60 %
Computer equip.	53,600	39	50,200	34
Radars	4,800	4	9,500	6
Total	$ 136,800	100 %	$ 149,200	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 76,073,000	$ 15.15
1987	69,657,000	13.48
1986	60,065,000	10.75
1985	61,348,000	9.93
1984	65,011,000	9.68

‡ Adjusted to reflect stock split.

Income Account *

Year Ended Dec. 31	1988	1987
Net sales	$ 169,655,000	$ 149,240,000
Cost of sales	120,733,000	101,634,000
Expenses	35,642,000	35,159,000
Interest expense (income)	1,312,000	(125,000)
Income before taxes	$ 11,968,000	$ 12,572,000
Income taxes	3,600,000	3,769,000
Cum. effect of change in acctng. meth.	—	(6,003,000)
Net Income	$ 8,368,000	$ 14,806,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,724,000 in 1988 and $4,456,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 3,112,000	$ 2,968,000
Receiv., net	40,862,000	36,445,000
Unbilled rev.	47,291,000	33,762,000
*Inventories	22,004,000	24,859,000
Prepaid expenses	724,000	604,000
Current Assets	$ 113,993,000	$ 98,638,000
#Fixed assets	33,298,000	30,775,000
Other assets	599,000	648,000
Total Assets	$ 147,890,000	$ 130,061,000

Liabilities

Long-term debt, curr.	$ 1,169,000	$ 691,000
Short-term bank borrow.	3,500,000	—
Accts. payable	13,744,000	11,177,000
Accruals	4,276,000	5,322,000
Contract billings in recog. rev.	7,888,000	1,862,000
Income taxes	13,609,000	18,689,000
Curr. Liabilities	$ 44,186,000	$ 37,741,000
Long-term debt	10,548,000	9,308,000
Deferred income taxes	17,083,000	13,355,000
+Common stock	5,021,000	5,169,000
Retained earnings	71,052,000	64,488,000
Total Liabilities & Shareholders' Equity	$ 147,890,000	$ 130,061,000

* At lower of cost (FIFO, average or specific job cost) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.05	8.42
%Net Income to Sales	4.93	9.92
%Net Income to Equity	11.00	21.26
Sales to Inventories	7.71	6.00
Debt to Equity	0.20	0.14
Working Capital	$ 69,807,000	$ 60,897,000
Current Ratio	2.58	2.61
Shareholders' Equity	$ 76,073,000	$ 69,657,000

Badger Meter, Inc.

4545 W. Brown Deer Road
P.O. Box 23099
Milwaukee, Wisconsin 53223
(414) 355-0400

Officers: James O. Wright, chairman of the board; James L. Forbes, president & chief exec. officer; R. Robert Howard, v.p.-finance & treasurer; John J. Janik, v.p.-manufacturing, Utility Division; William C. Howland, v.p.-sales, Industrial Division; William J. Shinners, controller; W. H. Vander Heyden, exec. v.p.-Industrial Divisions & chief technical officer; Rebecca L. Rush, secretary; Ronald H. Dix, v.p.-administration & human resources; Lynne R. Rippey, asst. secretary; Christopher N. Wright, asst. secretary; Rod G. Cumber, asst. secretary.

Directors: James O. Wright, chairman; Robert M. Hoffer, James L. Forbes, Edwin P. Wiley, Donald J. Schuenke, James O. Wright, Jr., Charles F. James, Jr., Warren R. Stumpe, William H. Vander Heyden.

Areas of Work: Engaged in the marketing and production of water meters and automatic meter reading systems for utility markets; ultrasonic flow meters used in wastewater disposal systems, irrigation projects and water purification plants; and precision control valves, concrete batch controllers, and natural gas instrumentation for industrial markets.

Divisions and Subsidiaries:

Utility Division
Milwaukee, Wisconsin

Industrial Division
Tulsa, Ok[illegible]oma

Precision Measurement Incorporated (80% owned)
Duncanville, Texas
Develops and manufactures natural gas instrumentation.

Badger Meter de Mexico, S.A. de C.V.
Nogales, Sonora, Mexico

Badger Meter Europe, GmbH
Stuttgart, Germany

Medidores Azteca, S.A.
Mexico City, Mexico

Transfer Agent(s):

First Wisconsin Trust Company
Milwaukee, Wisconsin

Stock Exchange(s): American

Ticker Symbol: BMI

Number of Employees:

1987	1,027	1984	1,051
1986	994	1983	960
1985	919		

Plant Footage:

1987	438,500 sq. ft.	1986	418,500

Sales & Earnings

	Net Sales +	Net Income
1987	$ 66,737,000	$ 1,799,000
1986	60,947,000	1,172,000
1985	55,886,000	1,339,000
1984	57,613,000	1,534,000
1983	47,647,000	(1,047,000)

	No. of Com. Shares	Earn. per Share ‡
1987	868,085	$ 1.21
1986	848,559	0.80
1985	1,460,444	0.92
1984	1,455,444	1.06
1983	1,423,444	—

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.105	—	—
1986	0.475	—	
1985	0.40	—	—
1984	0.40	—	—
1983	0.30	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 22,117,523	$ 25.48
1986	20,687,660	24.38
1985	20,054,330	13.73
1984	19,163,678	13.17
1983	18,682,180	13.12

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 66,736,967	$ 60,947,275
Cost of sales	41,645,477	37,925,537
Expenses	20,987,333	20,470,197
Interest expense	1,063,724	998,434
Foreign currency	161,956	79,572
Gain on pension settlement	(427,282)	—
Other charges	234,179	184,959
Inc. bef. taxes	$ 3,071,580	$ 1,288,576
Income taxes	1,273,000	117,000
Net Income	$ 1,798,580	$ 1,171,576

* Included in Costs and Expenses, Depreciation: $3,005,570 in 1987 and $2,776,916 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,156,204	$ 696,922
Receiv., net	8,570,003	7,664,338
*Inventories	13,413,161	13,464,488
Prepaid expenses	817,984	717,977
Current Assets	$ 23,957,352	$ 22,543,725
#Fixed assets	13,210,496	14,502,953
Defer. charges & other assets	2,725,020	1,519,741
Intangibles	1,561,120	1,542,314
Total Assets	$ 41,453,988	$ 40,108,733

Liabilities

Notes payable	$ 3,458,395	$ 3,849,734
Long-term debt, curr.	341,000	425,000
Accts. payable	2,761,288	2,569,747
Accrued pension	387,390	476,762
Accrued payroll	2,300,824	2,341,456
Income taxes	205,891	138,121
Other taxes	316,969	301,699
Curr. Liabilities	$ 9,771,757	$ 10,102,519
Long-term debt	7,050,259	7,455,141
Deferred inc. taxes	2,155,000	1,413,000
Accrued pension	359,449	450,413
+ Common stock	1,475,070	1,471,444
++ Class B Common stock	61,738	62,288
Add. paid-in capital	2,936,000	2,650,065
Retained earnings	19,106,614	18,094,917
Employee benefit stock	(601,300)	(714,546)
Foreign currency translation adjust.	(253,614)	(253,614)
Treasury stock	(606,985)	(622,885)
Total Liabilities & Shareholders' Equity	$ 41,453,988	$ 40,108,733

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.
++ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.60	2.11
%Net Income to Sales	2.70	1.92
%Net Income to Equity	8.13	5.66
Sales to Inventories	4.98	4.53
Debt to Equity	0.49	0.57
Working Capital	$ 14,185,595	$ 12,441,206
Current Ratio	2.45	2.23
Shareholders' Equity	$ 22,117,523	$ 20,687,660

Bairnco Corporation

200 Park Avenue
New York, New York 10166
(212) 490-8722

Officers: Glenn W. Bailey, chairman & president; David C. Bevan, Jr., sr. v.p.-finance & administration, treasurer & secretary; Frank Metzger, sr. v.p.-administration; J. Robert Wilkinson, v.p. & controller; David W. Swindells, v.p.-industrial relations; Frances O'Brien, asst. treasurer.

Directors: Glenn W. Bailey, chairman; Russell Banks, Luke E. Fichthorn, III, William L. Read.

Areas of Work: The Company conducts its operations through three subsidiaries. Keene Corporation manufactures electronic products, composite materials and advanced composites for aerospace, defense, commmunications, commercial and medical applications. Shielding Systems Corporation designs, manufactures and installs anechoic chambers for government and industry, and radio frequency and microwave shielding systems for security, defense and health care markets. Kasco Corpration provides cutting products, services and related supplied to supermarkets, retail butchers, meat packers and food processors.

Subsidiaries:

Keene Corporation
Kasco Corporation
Shielding Systems Corporation

Transfer Agent(s):

Continental Bank
231 S. LaSalle Street - 10th floor
Chicago, Illinois 60697

Stock Exchange(s): New York

Ticker Symbol: BZ

Number of Employees:

1988	1,753
1987	5,341
1986	5,342
1985	5,398
1984	5,067

Plant Footage:

1988 ...... 1,378,000 sq. ft.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 227,502,000	$ 25,465,000
1987	187,536,000	28,249,000
1986	169,255,000	22,530,000
1985	151,748,000	21,899,000
1984	135,533,000	26,139,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	10,659,000	$ 2.39
1987	10,522,000	2.68
1986	10,219,000	2.20
1985	10,187,000	2.15
1984	9,970,000	2.62

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Laminated & coated prods.	$ 83,201,000	$ 70,291,000
Shielding syst. & prods.	79,170,000	58,724,000
Cutting serv. & prods.	41,276,000	36,364,000
Composites & indust. prods.	23,855,000	22,157,000
Total	$ 227,502,000	$ 187,536,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.85	—	—
1987	0.75	—	
1986	0.65	—	—
1985	0.55	—	—
1984	0.475	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 218,523,000	$ 20.32
1987	213,126,000	20.44
1986	185,656,000	18.25
1985	167,528,000	16.70
1984	150,728,000	15.13

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 227,502	$ 187,536
Cost of sales	142,897	116,709
Selling & adm. expenses	56,689	50,000
Corp., gen. & other expenses	4,614	4,242
Interest income	(8,662)	(7,334)
Income before taxes	$ 31,964	$ 23,919
Income taxes	12,698	10,623
Inc. - cont. oper.	$ 19,266	$ 13,296
Inc. - discont. oper.	6,199	14,953
Net Income	$ 25,465	$ 28,249

* Included in Costs and Expenses, Depreciation and Amortization: $10,772,000 in 1988 and $10,365,000 in 1987.

Bairnco Corporation

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 135,307	$ 3,031
Accts. receiv., net	35,007	30,231
*Inventories	31,210	24,921
Deferred inc. taxes	3,197	3,233
Other curr. taxes	3,794	3,528
Current Assets	$ 31,210	$ 24,921
#Fixed assets	51,626	51,761
Cost in exc. of assets acq.	27,371	26,748
Net assets-discont. oper.	—	177,446
Other assets	11,287	11,174
Total Assets	$ 296,799	$ 332,073

Liabilities
(000's)

	1988	1987
Short-term debt	$ 4,351	$ 11,221
Long-term debt, curr.	1,112	608
Accts. payable	19,877	13,989
Accrued payroll	6,067	4,964
Accrued inc. taxes	7,373	—
Accrued emp. benefits	1,883	1,765
Other accruals	13,886	17,114
Curr. Liabilities	$ 29,209	$ 23,843
Long-term debt	4,262	48,086
Deferred inc. taxes	6,017	7,915
Other liabilities	13,448	13,285
+Common sotck	538	521
Add. paid-in capital	46,534	36,890
Retained earnings	171,451	175,715
Total Liabilities & Shareholders' Equity	$ 296,799	$ 332,073

* At cost (FIFO), which is not in excess of market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

	1988	1987
%Net Income to Equity	11.65	13.25
Sales to Inventories	7.29	7.53
Debt to Equity	0.04	0.28
Working Capital	$ 151,966,000	$ 15,283,000
Current Ratio	3.79	1.31
Shareholders' Equity	$ 218,523,000	$ 213,126,000

Ball Corporation

345 South High Street
P.O. Box 2407
Muncie, Idaho 47307-0407
(317) 747-6100

Officers: Richard M. Ringoen, chairman, president & chief executive officer; William L. Peterson, exec. v.p. & chief financial officer; Delmont A. Davis, exec. v.p.-packaging products; Thomas D. Bell, Jr., exec. v.p.; Duane E. Emerson, sr. v.p.-administration; Donovan B. Hicks, group v.p.-aerospace systems; John H. Snyder, group v.p.-diversified products; Albert R. Schlesinger, v.p. & controller; R. David Hoover, v.p. & treasurer; George A. Sissel, sr. v.p., corp. secretary & general counsel; Charles E. Wild, v.p.-human resources; Thomas B. Clark, v.p.-planning & development; Richard E. Durbin, v.p.-information services; Roland P. Campbell, asst. secretary; Elizabeth A. Overmyer, asst. secretary.

Directors: Robert H. Mohlman*, Alvin Owsley, Richard M. Ringoen*, Delbert C. Staley, Richard M. Gillett*, Henry C. Goodrich*, A. Malcolm McVie, William L. Peterson*, William P. Stiritz, Howard M. Dean, Thomas D. Bell, Jr., John F. Lehman, Jr., A. Malcolm McVie.

* Member of the Executive Committee

Areas of Work: Manufactures packaging, aerospace systems and diversified products and provides professional services to the federal sector. The Company produces metal beverage containers and ends for brewers and soft drink fillers, and high-barrier, multi-layer plastic sheet and containers for foods and juices. Thermoformed plastics are manufactured for the appliance market. Home food preservation products are sold in the retail marketplace. In the technology area, the Company designs and produces space, defense and communications systems, services the electo-optical, electro-mechanical, cryogenic and time/frequency standards markets, and provides support services to the federal government and defense contractors. Diversified products and services include fabricated zinc, injection-molded plastics, industrial systems for automated and machine vision inspection systems, plus slitting, cutting, coating and lithographing of light-gauge steel.

Divisions and Subsidiaries:

Aerospace Systems

Space Systems Division
Boulder, Colorado
Designs and builds spacecraft and complete space and ground systems and sub-systems.

Communication Systems Division
Broomfield, Colorado
Manufactures space and tactical antennas, as well as complete communications systems.

Communication Systems Division
Broomfield, Colorado
Manufactures space and tactical antennas, as well as complete communications systems.

Efratom Division
Irvine, California
Designs and manufactures time/frequency standards for the aviation and commercial communications systems markets.

Efratom Division
Munich, West Germany
Designs and manufactures time/frequency standards for the aviation and commercial communications systems markets.

Electro-optics/cryogenics Division
Boulder, Colorado
Produces subsystems, including cryogenics for coolants and life support systems, electro-mechanical and electro-optical products for navigation and pointing control systems.

Systems Engineering Division
San Diego, California
Provides support services to the federal government and defense contractors.

Diversified Products

Zinc Products Division
Greeneville, Tennessee
Makes rolled zinc products, including battery cans, and copper-plated zinc coin blanks.

Metal Decorating & Service Division
Chicago, Illinois
Provides metal lithography, metal coatings and specialized light-gauge metal servicing and warehousing functions, including sheeting, slitting and blanking.

Unimark Plastics Division
Greenville, South Carolina
Precision injection molding products for the medical and electronics industries.

Industrial Systems Division
Akron, Ohio
Manufactures industrial instruments for automated and machine vision inspection systems.

Consumer Products Division
Muncie, Indiana
Markets Ball home canning jars and food preservative products.

Packaging Products
Manufactures metal containers for beer and soft drinks; high barrier plastic sheet and containers for food and juices; thermoformed plastic refrigerator and freezer door liners; and decorated injection molded plastic products.

Metal Container Division
Westminster, Colorado
Manufactures aluminum and steel containers and ends for the beer and soft drink markets.

Plastics Division
Westminster, Colorado
Develops and produces coextruded, high-barrier plastic rollstock and formed containers for foods and juices, and thermoformed plastic refrigerator and freezer door liners.

Kent Plastics, Ltd.
Enniskillen, Northern Ireland
Produces decorated, injection-molded components, primarily for the automotive industry.

Joint Ventures:

Ball Packaging Products Canada, Inc.
Toronto, Ontario, Canada
Metal containers for foods, soft drinks, beer, household and industrial markets.

Ball-InCon Glass Packaging Corp.
Muncie, Idaho
Produces glass containers focusing primarily on the food and beverage industries.

Transfer Agent(s):

The First National Bank of Chicago
Trust Department
Suite 0123
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: BLL

Number of Employees:*

1988	7,100	1985	9,000
1987	6,900	1984	9,100
1986	9,000		

* Excludes joint ventures.

Sales & Earnings x

	Net Sales (000's)	Net Income (000's)
1988	$ 1,073,000	$ 50,500
1987	1,054,100	60,100
1986	1,093,400	59,400
1985	1,124,700	51,900
1984	1,064,200	46,700

	No. of Com. Shares #	Earn. per Share #
1988	23,299,000	$ 2.17
1987	23,633,000	2.54
1986	23,613,000	2.52
1985	23,440,000	2.21
1983	22,924,000	1.71

x Restated to reflect adoption of SFAS No. 96, "Accounting for Income Taxes."
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988 (000's)	%	1987 (000's)	%
Packaging	$ 662,800	62 %	$ 700,900	67 %
Aerospace	262,700	24	235,100	22
Diversified	147,500	14	118,100	11
Total	$1,073,000	100 %	$1,054,100	100 %

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1987	$ 0.89	—	—
1986	0.77	—	
1985	0.68	—	2-for-1
1984	0.61	—	—
1983	0.55	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1988	$ 421,400	$ 17.92
1987	391,200	16.77
1986	368,400	15.58
1985	333,200	14.12
1984	125,600	12.70

x Restated.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Net sales	$ 1,073,000	$ 1,054,100
Cost of sales	911,300	858,700
Expenses	87,200	89,900
Unusual items	24,100	(2,300)
Interest expense	10,700	5,400
Eq. in inc. of affil.	(8,400)	(1,000)
Income before taxes	$ 48,100	$ 103,400
Income taxes	15,400	43,300
Cum. effect of acct. change	(17,800)	—
Net Income	$ 50,500	$ 60,100

‡ Restated.
* Included in Costs and Expenses, Depreciation: $43,900,000 in 1988 and $41,300,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash	$ 15,700	$ 16,600
Accts. receiv., net	133,900	114,600
*Inventories	155,500	163,000
Prepaid expenses	26,600	21,500
Current Assets	$ 331,700	$ 315,700
#Fixed assets	433,000	401,900
Invest. in affil.	65,500	27,300
Other assets	46,300	39,900
Total Assets	$ 876,500	$ 784,800

Liabilities
(000's)

Short-term borrowings & long-term debt, curr.	$ 37,100	$ 46,900
Accts. payable	91,600	94,800
Accrued payroll	29,300	31,200
Income taxes	—	9,300
Other curr. liabilities	25,000	21,200
Curr. Liabilities	$ 183,000	$ 203,400
Long-term debt	196,300	100,700
Deferred comp.	19,700	17,000
Deferred inc. taxes	56,100	72,500
+Common stock	28,500	32,200
Retained earnings	401,600	374,700
Treasury stock	(8,700)	(15,700)
Total Liabilities & Shareholders' Equity	$ 876,500	$ 784,800

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.48	9.81
%Net Income to Sales	4.71	5.70
%Net Income to Equity	11.98	15.36
Sales to Inventories	6.90	6.47
Debt to Equity	0.55	0.38
Working Capital	$ 148,700,000	$ 112,300,000
Current Ratio	1.81	1.55
Shareholders' Equity	$ 421,400,000	$ 391,200,000

Bally Manufacturing Corporation

8700 West Bryn Mawr Avenue
Chicago, Illinois 60631
(312) 399-1300

Officers: Robert E. Mullane, chairman of the board & chief exec. officer; Roger N. Keesee, president & chief operating officer; James M. Rochford, v.p.-corporate affairs & governmental relations; Paul J. Johnson, v.p., treasurer & chief financial officer; Neil E. Jenkins, corporate secretary & general counsel; William H. Peltier, v.p.-corp. communications; Charles T. Powell, v.p.-corp. administration.

Directors: Robert E. Mullane, chairman; James M. Rochford, George N. Aronoff, James R. Cowan, Patrick L. O'Malley, Walter Wechsler, Kenneth C. Nichols, Sigmund A. Rogich, James A. Lovell, Pierre A. Rinfret, Roger N. Keesee, Nat Solomon, Eugene F. Tighe, Jr..

Areas of Work: Designs, manufactures, distributes and sells amusement games and leisure equipment including video games & pinball games, instant lottery games and coin-operated gaming equipment. Manufactures and distributes fitness equipment. The company also operates hotels and casinos in Atlantic City, New Jersey, and in Las Vegas and Reno, Nevada. Also owns and operates 310 family amusement centers and over 300 health and fitness centers.

Divisions and Subsidiaries:

Bally Aladdin's Castle, Inc.
Franklin Park, Illinois
Owns and operates 304 family amusement centers.

Bally Distributing of Nevada, Inc.
Las Vegas & Reno, Nevada

Life Fitness, Inc.
Irvine, California
Manufactures and distributes fitness equipment.

Bally's Park Place, Inc.
Atlantic City, New Jersey

Bally's Las Vegas
Las Vegas, Nevada

Bally's Reno
Reno, Nevada

Bally's Grand, Inc.
Atlantic City, New Jersey

Scientific Games, Inc.
Atlanta, Georgia
Designs, produces and supplies instant ticket lottery games and on-line lottery systems.

Bally Wulff Automaten GmbH
Berlin, Germany

Bally Wulff Vertriebs GmbH
Hannover, West Germany

Bally's Health and Tennis Corporation
Los Angeles, California
Operates over 250 health and fitness centers.

Bally Gaming Equipment Division
Bensenville, Illinois

U.S. Health, Inc. (68%-owned)
Operates 34 fitness clubs in the eastern U.S.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: BLY

Number of Employees: *

1988	25,375
1987	21,530
1986	21,345
1985	15,170
1984	16,700

* Full-time only.

Sales & Earnings

	Revenues +	Net Income
1988	$ 1,940,765,000	$ 38,001,000
1987	1,730,128,000	57,138,000
1986	1,247,544,000	23,701,000
1985	960,780,000	25,637,000
1984	993,909,000	(100,411,000)

	No. of Com. Shares †	Earn. per Share †
1988	26,673,568	$ 1.12
1987	28,622,011	1.62
1986	29,179,928	0.81
1985	26,935,595	0.95
1984	26,015,300	—

(Loss)
+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	[illegible]	1987
Services	$ 1,625,988	$ 1,436,601
Sales	241,336	239,659
Interest	57,381	47,199
Other	16,060	6,669
Total	$ 1,940,765	$ 1,730,128

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.22	—	—
1987	0.20	—	
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 579,464,000 ‡	$ 21.72
1987	568,274,000 ‡	19.85
1986	492,943,000 ‡	16.89
1985	407,646,000 ‡	15.13
1984	368,721,000	14.17

‡ After allowing for preferred stock at par value.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 241,336	$ 239,659
Services	1,625,988	1,436,601
Other income	73,441	53,868
Total income	$ 1,940,765	$ 1,730,128
Cost of sales	178,910	195,337
Cost of services	1,184,147	1,018,948
Expenses	332,521	319,484
Common stock purch. exp.	—	24,275
Interest expense	178,306	165,660
Inc. before taxes	$ 66,881	$ 6,424
Income taxes	27,756	12,295
Minority interest	1,124	488
Inc.(loss)-cont. oper.	$ 38,001	$ (6,359)
Inc.-cont. oper.	—	63,497
Net Income	$ 38,001	$ 57,138

* Included in Costs and Expenses, Depreciation and Amortization: $137,095,000 in 1988 and $131,234,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cert. of deposit	$ 101,626	$ 76,306
Receiv., net	367,513	294,550
* Inventories	37,483	38,934
Other curr. assets	45,292	44,240
Current Assets	$ 551,914	$ 454,030
Long-term receiv.	138,894	91,505
# Fixed assets	1,779,137	1,604,609
Other assets	67,800	68,010
Intangibles	328,850	306,979
Total Assets	$ 2,866,595	$ 2,525,133

Liabilities
(000's)

Long-term debt, curr.	$ 66,080	$ 24,149
Accts. payable	83,974	66,310
Accruals	204,421	207,834
Income taxes pay.	36,543	66,715
Def. inc. taxes	34,857	13,212
Deferred revenues	78,224	51,646
Curr. Liabilities	$ 504,099	$ 429,866
Long-term debt	1,607,335	1,387,471
Other liabilities	157,680	135,512
Minority interests	16,017	1,997
+ Preferred stock-Series A	—	13
++ Preferred stock-Series D	2,000	2,000
+++ Common stock	21,377	21,206
Add. paid-in capital	287,848	288,900
Retained earnings	353,997	334,142
Currency trans. adj.	8,238	11,472
Treasury stock	(91,996)	(87,446)
Total Liabilities & Shareholders' Equity	$ 2,866,595	$ 2,525,133

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; 9% mkt. value, cumulative, convertible.
++ $1 par value; 8% convertible, exchangeable.
+++ $0.66 2/3 par value.

Statistical Summary

%Income bef. Taxes to Revenues	3.45	—
%Net Income to Revenues	1.96	—
%Net Income to Equity	6.54	10.02
Debt Income to Equity	2.88	2.48
Working Capital	$ 47,815,000	$ 24,164,000
Current Ratio	1.09	1.06
Shareholders' Equity	$ 581,464,000	$ 570,287,000

Banner Industries, Inc.

Executive offices:

110 East 59th Street
New York, New York 10022
(212) 308-4966

Corporate and operating offices:
25700 Science Park Drive
Cleveland, Ohio 44122
(216) 464-3650

Officers: Jeffrey J. Steiner, chairman & chief exec. officer; Samuel J. Krasney, vice chairman & chief operating officer; William C. Hunt, sr. v.p.; Sam Spector, v.p.-corp. development; Michael T. Alcox, sr. v.p.-finance; Max Makowsky, v.p.-international; Warren Persavich, treasurer & asst. secretary; Mark W. Wester, controller.

Directors: Jeffrey J. Steiner, chairman; Philip David, Milton H. Dresner, Harold J. Harris, William C. Hunt, Samuel J. Krasney, Frederick W. McCarthy, Nathan Meyohas, Herbert S. Richey, Donald Taylor, Michael T. Alcox.

Areas of Work: The Company's operations are currently being conducted in two business segments. Aerospace operations include the distribution of aircraft hardware replacement parts and tires, and the manufacturing of high-performance specialty fasteners. The Water Treatment and Pumps operations include the manufacture of a broad line of water and wastewater treatment equipment as well as diversified industrial pumps.

Subsidiaries:

Adams Industries, Inc.
Suffield, Connecticut
(203) 668-1201
Distributes and supplies aircraft fasteners, fittings and electrical and hydraulic systems components.

Banner Aircraft International, Inc.
South San Francisco, California
(415) 872-1700
Distributes and supplies aircraft parts including air frame and structural components and engine parts.

Burbank Aircraft Supply, Inc.
Sun Valley, California
(818) 767-8560
Distributes and supplies aircraft hardware, fasteners, electrical and related items.

NASAM Incorporated
South San Francisco, California
(415) 872-1155
Distributes and supplies private aircraft and aircraft parts, high-tech aerospace, electrical and industrial components.

Solair, Inc.
Ft Lauderdale, Florida
(305) 523-9999
Sale of instruments and airframe components.

Thompson Aircraft Tire Corporation
Miami, Florida
(305) 592-3530
Provides retreaded and new aircraft tires and aircraft wheel overhaul services.

Pompes Deplechin, S.A.
Tournai, Belgium
Manufactures chemical, water and sewage and other process pumps.

Rexnord Inc.
350 North Sunny Slope
Brookfield, Wisconsin 53005
(414) 797-6900
Manufactures highly engineered specialty fasteners, seals and bearings for aviation and aerospace applications, and water and wastewater treatment equipment.

Aero Tire & Tank, Inc.
Banner Aeronautical Corp.
Banner Industries International, Inc.
Barcel Wire and Cable Corp.
Matrix Aviation, Inc.
Sovereign Air Limited
Thompson Aircraft Tire Corporation Belgium, S.A.
Envirex Inc.

Acquisition:

PT Components Inc.
Manufactures power transmission products for industry.

Transfer Agent(s):

Huntington National Bank
Cleveland, Ohio

Stock Exchange(s): New York, Pacific

Ticker Symbol: BNR

Plant Footage:

1987 .... 1,741,000 sq. ft. 1986 711,000

Sales & Earnings

	Net Sales +	Net Income #
1988	$ 373,763,000	$ (7,041,000)
1987	191,682,000	10,201,000
1986	112,622,000	6,540,033
1985	95,532,000	4,038,927
1984	85,604,000	1,833,443

	No. of Com. Shares †	Earn. per Share #‡
1988	6,396,000	$ —
1987	6,797,000	1.34
1986	7,004,000	1.04
1985	6,034,000	0.67
1984	6,034,000	0.30

(Loss)
+ Includes revenues; of continuing operations only.
# Including extraordinary gain of $1,510,000 ($0.22 per share) in 1987.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.04	—	3-for-2
1987	0.80	—	
1986	0.02	—	—
1985	0.02	—	—
1984	0.02	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 86,771,000 ‡	$ 13.57
1987	101,608,000 ‡	14.95
1986	57,911,742	8.27
1985	40,025,878	6.63
1984	36,255,078	6.01

‡ After allowing for preferred stock at par value.
# Adjusted to reflect stock split.

Income Account *
(000's)

Year ended June 30	1988	1987
Net sales	$ 373,763	$ 191,682
Cost of sales	246,304	124,656
Expenses	98,947	52,481
Interest expense	68,838	37,930
Invest. loss (inc.)	5,653	(33,775)
Earn. of unconsol. subsid.	(40,220)	(10,121)
Eq. in loss of affil.	1,905	—
Income (loss) bef. taxes	$ (7,664)	$ 20,511
Income taxes	4,730	10,512
Inc. (loss) - cont. oper.	$ (12,394)	$ 9,999
Inc. (loss) - discont. oper.	5,353	(1,308)
Net Income (Loss)	$ (7,041)	$ 8,691
Extraord. gain	—	1,510
Net Income (Loss) & extraord. gain	$ (7,041)	$ 10,201

* Included in Costs and Expenses, Depreciation and Amortization: $15,842,000 in 1988 and $6,184,000 in 1987.

Assets
(000's)

As of June 30	1988	1987
Cash	$ 17,557	$ 11,532
Investments	59,410	106,780
Accts. receiv., net	70,204	63,964
*Inventories	107,624	90,249
Net assets held for sale	155,612	238,916
Prepaid expenses	27,343	25,770
Current Assets	$ 437,750	$ 537,211
#Fixed assets	83,764	73,748
Investments	329,437	282,924
Defer. charges	36,393	41,415
Prepaid pension costs	47,778	47,305
Long-term invest.	1,100	31,100
Intangibles	99,647	102,892
Other assets	30,039	24,746
Total Assets	$ 1,065,908	$ 1,141,341

Liabilities
(000's)

Notes payable	$ 51,352	$ 4,803
Long-term debt, curr.	154,065	237,135
Accts. payable	41,803	33,087
Accrued payroll	7,275	6,680
Accrued interest	21,017	20,183
Other curr. liab.	37,453	38,897
Curr. Liabilities	$ 312,965	$ 340,785
Long-term debt	603,964	646,832
Deferred inc. taxes	27,436	5,240
Other liabilities	34,632	46,736
+Preferred stock	140	140
++Common stock	470	469
Add. paid-in capital	49,046	48,837
Retained earnings	41,849	51,826
Cum. trans. adjust.	3,325	3,781
Treasury stock	(7,919)	(3,305)
Total Liabilities & Shareholders' Equity	$ 1,065,908	$ 1,141,341

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value; 8% cumulative convertible.
++ $0.10 par value.

Statistical Summary

% Net Income to Equity	—	8.54
Debt to Equity	9.31	8.74
Working Capital	$ 124,785,000	$ 196,426,000
Current Ratio	1.40	1.58
Shareholders' Equity	$ 86,911,000	$ 101,748,000

Barry Wright Corporation

680 Pleasant Street
Watertown, Massachusetts 02172
(617) 965-5800

Officers: Ralph Z. Sorenson, chairman of the board & chief executive officer; John F. Quinn, president & chief operating officer; Natale C. Caruso, v.p.-finance & administration & chief financial officer; William A. DeVasher, Jr., general counsel, secretary & clerk; Jack L. Manes, Jr., v.p.-human resources; Thomas C. Scyrmgeour, president-Wright Line, Inc.; Eustis Walcott, v.p.-corp. relations; Patricia A. Irwin, asst. treasurer & asst. secretary.

Directors: Ralph Z. Sorenson*, chairman; John F. Quinn*, G. Richard Westin, W. Paul Tippett, Robert P. Henderson*, Roger D. Wellington, J. Atwood Ives, Craig A. Nalen.

* Member of the Executive Committee

Divisions and Subsidiaries:

Industrial & Aero Products Group

Barry Controls Division
Watertown & Brighton, Massachusetts; Burbank, California
Design, manufacture and marketing of engineered products to control the effects of dynamic forces and motions, including vibration, impact shock and noise.

Barry Controls Ltd.
United Kingdom
Manufactures shock and vibration controls.

Barry Controls GmbH (49% owned)
Raunheim, Germany
Sales and marketing distribution in Western Europe.

Gamma S.A.
France
French licensee.

Vlier Engineering Division
Burbank, California; Brighton, Massachusetts
Design, manufacture and marketing of products for holding, positioning and locating parts during manufacture and for reducing 'in plant' noise and vibration.

Zero-Max Division
Minneapolis, Minnesota
Design, manufacture and marketing of mechanical variable-speed drives and accessories, couplings and linear actuators.

Miki Zero-Max Ltd.
Kawasaki-City, Japan
Sales and marketing distribution of Japan.

Dolan-Jenner
Woburn, Massachusetts
Manufactures fiber optics products, controls, and other devices for use in robotics, factory automation, and flexible manufacturing systems.

Products for Automation
Produces attachments to robots' wrists to enable them to perform useful tasks.

Wright Line Inc.
Wright Line Division
Worcester, Massachusetts; High Point, North Carolina
Manufacturer and marketer of integrated filing systems, associated products and office filing expertise enabling customers to organize, protect and control all types of records, documents and data.

Wright Line of Canada Ltd.
Toronto, Canada

Wright Line GmbH
Frankfurt, Germany

DataFile Limited
Canada
Manufacture and marketing of color-coded filing systems.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
P.O. Box 24935
Church Street Station
New York, New York 10249

Stock Exchange(s): New York

Ticker Symbol: BAR

Number of Employees:

1988	2,079	1985	2,351
1987	2,278	1984	2,387
1986	2,220		

Plant Footage:

1988 ...... 1,140,000 sq. ft. 1987 1,275,000

Sales & Earnings

	Net Sales +	Net Income
1988	$ 201,682,000	$ 1,301,000
1987	205,694,000	8,362,000
1986	195,142,000	7,036,000
1985	196,872,000	10,519,000
1984	180,716,000	15,026,000

	No. of Com. Shares #	Earn. per Share #
1988	9,278,000	$ 0.14
1987	8,214,000	1.02
1986	8,649,000	0.81
1985	9,089,000	1.16
1984	8,964,000	1.68

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 8.15 *	—	—
1987	0.60	—	
1986	0.60	—	—
1985	0.60	—	—
1984	0.57	—	—

* Including a special dividend of $8.00 per share under the plan of restructuring.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 48,462,000	$ 4.92
1987	97,023,000	11.76
1986	90,238,000	11.06
1985	107,907,000	11.80
1984	100,019,000	11.08

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 201,682,000	$ 205,694,000
Other income	2,062,000	5,045,000
Total income	$ 203,744,000	$ 210,739,000
Cost of sales	127,453,000	125,171,000
Expenses	70,884,000	69,538,000
Gain from restructuring	(2,405,000)	—
Interest expense	3,824,000	538,000
Income before taxes	$ 3,988,000	$ 15,492,000
Income taxes	2,687,000	7,130,000
Net Income	$ 1,301,000	$ 8,362,000

* Included in Costs and Expenses, Depreciation: $7,235,000 in 1988 and $7,094,000 in 1987.

Assets

As of Dec. 31	1988	19
Cash & short-term invest.	$ 3,746,000	$ 12,96[illegible]
Accts. receiv., net	32,740,000	37,246,000
*Inventories	25,928,000	23,487,000
Tax benefit of div. to ESOP	4,316,000	—
Deferred taxes	7,680,000	3,697,000
Other curr. assets	1,877,000	1,742,000
Current Assets	$ 76,287,000	$ 79,133,000
#Fixed assets	40,396,000	43,955,000
Intangibles	10,019,000	11,066,000
Other assets	4,163,000	3,742,000
Total Assets	$ 130,865,000	$ 137,896,000

Liabilities

Notes payable	$ —	$ 397,000
Long-term debt, curr.	205,000	235,000
Accts. payable	13,829,000	10,628,000
Accruals	21,590,000	15,079,000
Income taxes	6,669,000	513,000
Curr. Liabilities	$ 42,293,000	$ 26,852,000

Long-term debt	30,159,000	4,528,000
Deferred compensation	1,346,000	980,000
Deferred inc. taxes	8,605,000	8,513,000
+ Common stock	10,713,000	9,188,000
Add. paid-in capital	46,461,000	20,961,000
Retained earnings	4,216,000	82,649,000
For. curr. trans. adjust.	3,961,000	3,259,000
Treasury stock	(16,889,000)	(19,034,000)
Total Liabilities & Shareholders' Equity	$ 130,865,000	$ 137,896,000

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO or average. Certain inventories of the Industrial and Aero Prods. Group stated at FIFO or average.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.98	7.53
%Net Income to Sales	0.65	4.07
%Net Income to Equity	2.68	8.62
Sales to Inventories	7.78	8.76
Debt to Equity	0.63	0.05
Working Capital	$ 33,994,000	$ 52,281,000
Current Ratio	1.80	2.95
Shareholders' Equity	$ 48,462,000	$ 97,023,000

Base Ten Systems, Inc.

One Electronics Drive
P.O. Box 3151
Trenton, New Jersey 08619
(609) 586-7010

Officers: Myles M. Kranzler, chairman of the board & president; William M. Errickson, sr. v.p. & secretary; James A. Eby, sr. v.p.-engineering; Edward J. Klinsport, group v.p.; Richard G. Kandrac, v.p.-operations; Andrew S. MacAninch, v.p.; Alan J. Eisenberg, v.p.; Elio Ravera, v.p.; John F. Pohlke, v.p..

Directors: Myles M. Kranzler, chairman; William M. Errickson, James A. Eby, Robert G. Kales, Jr., Edward J. Klinsport, Mark Auerbach, .

Areas of Work: Designs and manufactures electronic data systems used in the testing, research and development of new aircraft, missiles and satellites. Other applications include avionic controls and microprocessor systems, and alarm reporting systems.

Division:

REM Machine Division
One Electronic Drive
P.O. Box 3151
Trenton, New Jersey 08619
(609) 586-7010

Subsidiaries:

Base Ten GmbH
Erfurter Strasse 29
8057 Eching, Federal Republic of Germany
01149893190020

Base Ten Systems, Ltd.
New Century House
Ancells Business Park
Hampshire GU13 8UZ, United Kingdom
01144252517665

Base Ten Systems, Inc.
Defense Products Marketing West
1580 Claremont Boulevard - Suite 201
Claremont, California 91711
(714) 624-5066

Base Ten International Sales, Ltd.
58 Duke Street
Kingston, Jamaica

Base Ten Defense, Inc.
One Electronics Driv
P.O. Box 3151
Trenton, New Jersey [illegible]9
(609) 586-7010

Base Ten Software, Inc.
One Electronics Drive
P.O. Box 3151
Trenton, New Jersey 08619
(609) 586-7010

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BASEA and BASEB (NASDAQ)

Number of Employees:

1988	510	1985	553
1987	562	1984	540
1986	591		

Plant Footage:

1988	131,000 sq. ft.	1985	100,000
1987	118,000	1984	100,000
1986	118,000		

Sales & Earnings

	Revenues +	Net Income
1988	$ 36,678,000	$ (3,299,000)
1987	33,325,000	(1,818,000)
1986	32,417,000	799,000
1985	26,917,000	1,307,000
1984	20,623,000	(457,000)

	No. of Com. Shares #	Earn. per Share #
1988	3,516,821	$ —
1987	3,527,448	—
1986	3,516,642	0.23
1985	3,490,727	0.37
1984	3,502,070	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 9,119,000	$ 2.59
1987	12,554,000	3.56
1986	13,641,000	3.88
1985	12,784,000	3.66
1984	10,684,000	3.05

+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Income Account*

Year ended Oct. 31	1988	1987
Sales	$ 36,135,000	$ 32,853,000
Interest income	543,000	472,000
Total revenues	$ 36,678,000	$ 33,325,000
Cost of sales	27,575,000	22,953,000
Expenses	8,878,000	9,670,000
Interest	815,000	841,000
For. curr. trans. adj.	—	(91,000)
Loss before taxes	$ (590,000)	$ (48,000)
Tax credit	(239,000)	(1,322,000)
Inc. (loss) - cont. oper.	$ (351,000)	$ 1,274,000
Loss - discont. oper.	(2,948,000)	(3,092,000)
Net Loss	$ (3,299,000)	$ (1,818,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,902,000 in 1988 and $1,620,000 in 1987.

Assets

As of Oct. 31	1988	1987
Cash & cash equiv.	$ 6,970,000	$ 8,937,000
Accts. receiv., net	12,560,000	11,240,000
*Inventories	4,494,000	5,794,000
Other curr. assets	502,000	463,000
Invest. held for sale	1,537,000	—
Current Assets	$ 26,063,000	$ 26,434,000
#Fixed assets	8,862,000	8,582,000
Restricted cash	1,556,000	1,556,000
Other assets	522,000	564,000
Invest. in subsid.	1,975,000	3,525,000
Total Assets	$ 38,978,000	$ 40,661,000

Liabilities

Long-term debt, curr.	$ 6,000	$ 8,000
Accts. payable & accruals	6,364,000	4,588,000
Cust. advances	11,957,000	11,958,000
Income taxes	281,000	788,000
Curr. Liabilities	$ 18,608,000	$ 17,342,000
Deferred inc. taxes	253,000	208,000
Deferred comp.	485,000	433,000
Long-term debt	10,513,000	10,124,000
+ Common stock	3,515,000	3,528,000
Add. paid-in capital	9,653,000	9,701,000
Retained earnings (deficit)	(3,785,000)	(486,000)
Restr. stock award comp.	—	(58,000)
For. curr. trans. adjust.	(264,000)	(131,000)
Total Liabilities & Shareholders' Equity	$ 38,978,000	$ 40,661,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amoritization.
+ $1 par value.

Statistical Summary

Sales to Inventories	8.04	5.67
Debt to Equity	1.15	0.81
Working Capital	$ 7,455,000	$ 9,092,000
Current Ratio	1.40	1.52
Shareholders' Equity	$ 9,119,000	$ 12,554,000

Becton, Dickinson and Company

One Becton Drive
Franklin Lakes, New Jersey 07417-1880
(201) 848-6800

Officers: Wesley J. Howe, chairman of the board; Raymond V. Gilmartin, president & chief exec. officer; Robert G. Butler, secretary; John W. Galiardo, v.p. & general counsel; Donald S. Hetzel, v.p.-research & development; Mark H. Borofsky, v.p.-taxes; Edward R. Duffie, Jr., v.p.-advanced business development; E. Ralph Biggadike, group president; Nagesh S. Mhatre, v.p.; Robert A. Reynolds, v.p.-finance & controller; James W. Hulse, v.p.-quality and regulatory affairs; James R. Wessel, v.p.-human resources; Paul Creager, group president; Clateo Castellini, sector president-international; Herbert B. Morote, sector president-medical; Walter M. Miller, sector president-diagnostic; Kenneth R. Weisshaar, v.p.-corp. planning, performance & development; Alfred J. Battaglia, group president.

Directors: Wesley J. Howe*, chairman; Henry P. Becton, Jr., Harry N. Beaty, Raymond V. Gilmartin*, Robert W. Haack, Richard W. Hanselman*, William B. Macomber, Frank A. Olsen, Gerald M. Edelman*, Raymond S. Troubh*, Thomas A. Holmes*, Gloria M. Shatto.

* Member of the Executive Committee

Areas of Work: The Company manufactures a broad range of medical and diagnostic products for use by the health care professionals, medical research institutions, and the general public.

Divisions and Subsidiaries:

BBL Microbiology Systems
250 Schilling Circle
Cockeysville, Maryland 21030
Develops tests for infectious diseases.

Bard-Parker
2 Bridgewater Lane
Lincoln Park, New Jersey 07035

Becton Dickinson FACS
490 B Lakeside Drive
Sunnyvale, California 94086
(408) 738-8558
Manufactures fluorescence-activated cell sorter systems which include an analysis console with microprocessor and keyboard.

Becton Dickinson Immunodiagnostics
Mountain View Avenue
Orangeburg, New York 10962
(914) 359-2700
Manufactures automated radioimmunossay equipment which is used to detect the presence of extremely small quantities of minute substances.

Becton-Dickinson
One Becton Drive
Franklin Lakes, New Jersey 07417

Becton-Dickinson Consumer Products
365 West Passaic Street
Rochelle Park, New Jersey 07662

Becton-Dickinson Laboratory Systems
333 Littleton Road, Suite 101
Parsippany, New Jersey 07054

Becton-Dickinson Labware
1950 Williams Drive
Oxnard, California 93030

Becton-Dickinson Monoclonal Center, Inc.
2375 Garcia Avenue
Mountain View, California 94043

Becton-Dickinson Pharmaceutical Systems
One Becton Drive
Franklin Lakes, New Jersey 07417

Becton Dickinson AcuteCare Division
Manufactures medical and surgical gloves and specialty surgical blades.

Digitran
3100 New York Drive
Pasadena, California 91107
Produces digital switches used in instrument panels.

Becton-Dickinson Research Center
Davis Drive
Research Triangle Park, North Carolina 27709

Becton-Dickinson VACUTAINER Systems
Mahoney Troast Building
Route 17 North
Rutherford, New Jersey 07070

Becton-Dickinson International Sales
One Becton Drive
Franklin Lakes, New Jersey 07417

Clay Adams Laboratory Systems
299 Webro Road
Parsippany, New Jersey 07054
Develops equipment for hematology analysis.

Ivers-Lee
147 Clinton Road
West Caldwell, New Jersey 07006
Provides packaging services to pharmaceutical, cosmetics and toiletry companies.

Deseret Medical
Manufactures and markets intravenous and operating room products and cardiovascular devices.

Becton-Dickinson Overseas, Inc.
Shimato Building
5-34, Akaska 8-Chome
Minato-Ku, Tokyo 107 Japan

Becton-Dickinson Asia Pacific
Shimato Building
5-34, Akaska 8-Chome
Minato-Ku, Tokyo 107 Japan

Becton-Dickinson Europe
Pre Pichat
5, Chemin des Sources
38240 Meylan, France

Becton-Dickinson VACUTAINER Systems-Europe
Becton-Dickinson Laboratory Products-Europe
Becon-Dickinson Medical Products-Europe
All at:

Pre Pichat
5, Chemin des Sources
38240 Meylan, France

Becton-Dickinson Latin America
One Becton Drive
Franklin Lakes, New Jersey 07417

Transfer Agent(s):

First Chicago Trust Co. of N.Y.
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: BDX

Number of Employees:

1988	20,600	1985	16,900
1987	19,900	1984	17,700
1986	19,300		

N.A. - Not Available.

Sales & Earnings

	Net Sales + (000's)	Net Income † (000's)
1988	$ 1,709,368	$ 161,943
1987	1,462,882	148,164
1986	1,203,943	121,930
1985	1,044,366	88,002
1984	1,029,620	63,403

–	No. of Com. Shares ‡	Earn. per Share † ‡
1988	40,401,000	$ 4.01
1987	41,54[illegible],000	3.57
1986	42,903,000	2.85
1985	42,338,000	2.10
1984	42,454,000	1.52

+ Of continuing operations only.
† Including extraordinary gains of $6,345,000 ($0.15 per share) in 1987 and $10,017,000 ($0.23 per share) in 1986.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Medical	$ 920,958	$ 708,587
Diagnostic	541,924	454,846
Total	$ 1,462,882	$ 1,311,569

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.86	—	—
1987	0.74	—	
1986	0.66	—	2-for-1
1985	0.60	—	—
1984	0.58	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share +
1988	$ 959,803	$ 24.33
1987	861,284	21.62
1986	803,925	19.62
1985	681,052	16.82
1984	606,775	15.03

+ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net sales	$ 1,709,368	$ 1,462,882
Cost of sales	914,318	778,267
Expenses	556,009	477,609
Restruc. costs	—	7,000
Interest income	(24,514)	(16,646)
Interest expense	62,171	71,360
Other income	(4,868)	(42,707)
Income before taxes	$ 206,252	$ 187,999
Income taxes	57,396	57,398
Inc.- cont. oper.	$ 148,856	$ 130,601
Inc.- discont. oper.	13,087	11,218
Net Income	$ 161,943	$ 141,819
Extraord. gain	—	6,345
Net Income & extraord. gain	$ 161,943	$ 148,164

* Included in Costs and Expenses, Depreciation and Amortization: $109,217,000 in 1988 and $91,911,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash & short-term invest.	$ 123,498	$ 202,598
Receivables, net	339,418	295,835
*Inventories	356,425	305,065
Prepaid expenses	63,651	38,806
Current Assets	$ 882,992	$ 842,304
Investments	3,300	41,327
#Fixed assets	925,447	754,872
Intangibles & other assets	255,794	252,975
Total Assets	$ 2,067,533	$ 1,891,478

Liabilities
(000's)

Long-term debt, curr.	$ 189,204	$ 182,585
Accts. payable & other liabilities	336,567	310,431
Curr. Liabilities	$ 525,771	$ 493,016

Long-term debt	499,969	479,559
Deferred inc. taxes	81,990	57,619
+Common stock	42,674	42,674
Add. paid-in capital	143,090	141,655
Foreign curr. trans. adj.	(20,545)	(16,094)
Retained earnings	951,304	823,276
Treasury stock	(156,720)	(130,227)
Total Liabilities & Shareholders' Equity	$ 2,067,533	$ 1,891,478

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	16.87	16.47
Sales to Inventories	4.80	4.80
Debt to Equity	0.72	0.77
Working Capital	$ 357,221,000	$ 349,288,000
Current Ratio	1.68	1.71
Shareholders' Equity	$ 959,803,000	$ 861,284,000

Bel Fuse, Inc.

198 Van Vorst Street
Jersey City, New Jersey 07302
(201) 432-0463

Officers: Elliot Bernstein, president & chief exec. officer; Daniel Bernstein, vice president & treasurer; Peter Christoffer, v.p.-engineering; Don Morehouse, v.p.-production; Arnold Sutta, v.p.-marketing; Robert Simandl, secretary.

Directors: Elliot Bernstein, Howard Bernstein, Robert Simandl, Peter Loh, Joel Wiener, Daniel Bernstein, Lloyd E. Dustmann, Peter Gilbert, David P. Olsan.

Areas of Work: Manufactures electronic components for the home entertainment and data processing equipment markets. Products include miniature and micro fuses, delay lines, and thick film hybrid circuits.

Subsidiaries:

Bel Fuse Ltd.
Star House
3 Salisbury Road
Kowloon, Hong Kong

Acessorios Electronicos (Bel Fuse Macau) Limited
Fabrica G-1, Do Andar
Do Predio Comos
Nos. 169-169A
Av. Almirante Lacerda, Macau

Bel Components Ltd.
Star House
3 Salisbury Road
Kowloon, Hong Kong

CAC Microcircuits, Inc.
2 Southgate Drive
Mount Carmel, Illinois 62863
(618) 263-4343
Manufactures custom thick film hybrid circuits.

Central Coil Company, Inc.
1940 Landersdale Road
Camby, Indiana 46113
(317) 831-4226
Manufactures military coils.

Transfer Agent(s):

The Trust Company of New Jersey
Jersey City, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BELF (NASDAQ)

Number of Employees:

1988	1,457	1985	957
1987	1,408	1984	1,362
1986	1,203		

Plant Footage:

1988	157,000 sq. ft.	1985	129,000
1987	157,000	1984	129,000
1986	141,100		

Sales & Earnings

	Net Sales	Net Income
1988	$ 37,643,391	$ 3,136,990
1987	33,716,525	4,124,833
1986	23,320,546	2,633,085
1985	17,873,074	1,343,493
1984	26,274,592	4,765,009

	No. of Com. Shares #	Earn. per Share #
1988	4,829,483	$ 0.65
1987	4,723,849	0.87
1986	4,790,364	0.55
1985	4,760,600	0.28
1984	4,729,811	1.01

# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 29,653,182	$ 6.14
1987	26,492,067	5.61
1986	20,933,450	4.37
1985	18,226,677	3.83
1984	16,842,934	3.56

# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 37,643,391	$ 33,716,525
Cost of sales	25,346,984	20,960,768
Expenses	8,512,007	7,331,511
Other income	(571,128)	(339,129)
Interest expense	29,486	41,147
Eq. in loss of assoc. co.	32,052	9,395
Income before taxes	$ 4,293,990	$ 5,712,833
Income taxes	1,157,000	1,588,000
Net Income	$ 3,136,990	$ 4,124,833

* Included in Costs and Expenses, Depreciation and Amortization: $1,849,701 in 1988 and $1,435,331 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 8,309,863	$ 8,904,777
Accts. receiv., net	4,455,775	3,753,254
*Inventories	4,169,928	4,270,160
Prepaid expenses	233,850	160,843
Deferred income taxes	38,600	25,600
Current Assets	$ 17,208,016	$ 17,114,634
#Fixed assets	13,193,839	11,852,789
Other assets	390,359	355,599
Exc. of cost over value of assets acq.	2,576,018	1,697,327
Invest. in assoc. co.	—	158,147
Total Assets	$ 33,368,232	$ 31,178,496

Liabilities

Long-term debt. curr.	$ 13,163	$ 12,059
Accts. payable	567,052	982,350
Accruals	1,810,708	1,612,867
Due to officer	—	206,000
Income taxes	345,475	1,036,481
Curr. Liabilities	$ 2,736,398	$ 3,849,757
Long-term debt	158,652	171,672
Deferred inc. taxes	820,000	665,000
+Common stock	483,820	488,885
Add. paid-in capital	5,918,584	6,049,685
Retained earnings	23,250,778	20,113,788
Treasury stock	—	(160,291)
Total Liabilities & Shareholder's Equity	$ 33,368,232	$ 31,178,496

* At lower of weighted average cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef Taxes to Sales	11.41	16.94
%Net Income to Sales	8.33	12.23
%Net Income to Equity	10.58	15.57
Sales to Inventories	9.03	7.90
Debt to Equity	0.01	0.01
Working Capital	$ 14,471,618	$ 13,264,877
Current Ratio	6.29	4.45
Shareholders' Equity	$ 29,653,182	$ 26,492,067

Bell Industries, Inc.

11812 San Vicente Boulevard, Suite 300
Los Angeles, California 90049-5069
(213) 826-6778

Officers: Theodore Williams, chairman of the board & president; Howard B. Franklin, sr. v.p.; Samuel Essick, sr. v.p.; Nathan Landgarten, sr. v.p. & treasurer; Bruce M. Jaffe, sr. v.p.-finance; Vernon D. Severy, v.p.; Paul F. Doucette, v.p.; D. J. Hough, v.p.; Gordon Graham, v.p.; Marcus S. Labe, v.p.; John M. Brase, v.p.; John J. Cost, secretary; Dennis M. Benson, controller & asst. treasurer.

Directors: T. E. Williams *, chairman; Howard B. Franklin *, Bruce M. Jaffe *, Nathan Landgarten *, John J. Cost, Ellis Ring, Milton Rosenberg.

* Member of the Executive Committee

Areas of Work: Company activities may be classified into the following groups: The Electronics Group is a major distributor of electronic components representing 50 leading electronics manufacturers. The Electronics Group also manufactures computer memory discs and other high precision, close tolerance products for the computer and aerospace industries including basic illumination for aircraft instrumentation, aircraft hydraulic valve sub-assemblies, multi-layered printed circuitry used in space flight and avionic guidance systems, computer hardware components, and electronic components used in communications and other computer applications. The other three operating groups include: The Building Products Group, which is engaged in the distribution of heating, ventilating, air conditioning, and plumbling products through 14 California facilities; The Motor Vehicle Parts & Accessories Group which stocks spare parts and accessories for motorcycles, recreational vehicles, and mobile homes; and The Graphic Arts Group which distributes film, chemicals and printing equipment in Californi.

Divisions:

Electronic Distribution Group
1161 N. Fairoaks
Sunnyvale, California 94089
(408) 734-8570

Electronic Distributor Divisions
515 Busse Road
Unit D-1
Elk Grove Village, Illinois 60007
(312) 640-1910

1900 132nd N.E.
Bellevue, Washington 98005
(206) 747-1515

1705 West 4th Street
Tempe, Arkansas 85281
(602) 966-7800

8155 West 48th Avenue
Wheatridge, Colorado 80033
(303) 424-1985

3639 West 2150 South
Salt Lake City, Utah 84120
(801) 972-6969

306 East Alondra Boulevard
Gardena, California 90247
(213) 515-1800

11728 Linn N.E.
Albuquerque, New Mexico 87123
(505) 292-2700

12322 Monarch Street
Garden Grove, California 92641
(714) 895-7801

500 Giuseppe Court #7
Roseville, California 95678
(916) 969-3100

1829A De Havilland Drive
Thousand Oaks, California 91320
(805) 499-6821

2599 Garcia Avenue
Mountain View, California 94043
(415) 960-1440

W. 227 N. 913 West Mound Drive
Waukesha, Wisconsin 53186
(414) 547-8879

6024 Southwest Jean Road
Lake Oswego, Oregon 97034
(503) 241-4115

118 Westpark Road
Dayton, Ohio 45459
(513) 434-8231

444 Windsor Park Drive
Dayton, Ohio 45459
(513) 435-8660

133 South Pennsylvania Avenue
Indianapolis, Indiana 46204
(317) 634-8202

3433 East Washington Avenue
Fort Wayne, Indiana 46801
(219) 423-3422

Just-in-Time Divisions

Electronic Manufacturing Group

Illuminated Displays Division
18225 N.E. 76th Avenue
Redmond, Washington 98052
(206) 885-4353

Value-Added Divisions
Cable and Components Divisions
San Jose, California
Indianapolis, Indiana

Computer Memory Division
2360 Zanker Road
San Jose, California 95131
(408) 262-5747

Precision Components Division
12605 South Van Ness Avenue
Hawthorne, California 90250
(213) 757-8381

Precision Metalcraft Division
2637 Marine Way
Mountain View, California 94040
(415) 961-5532

J.W. Miller Company
Compton, California

Electronics Systems Division
1831 South Ritchy Street
Santa Ana, California 92705

Grahphic Arts Group

Graphic Arts Supply Divisison
4425 Sheila Street
Commerce, California 90023
(213) 268-9500

Graphic Arts Supply Division
615 Dado Street
San Jose, California 95131
(408) 946-1500

RV/MH Group

RV/MH Supplies Division
500 Hardman Ave.
South St. Paul, Minnesota 55075
(612) 450-9020

RV/MH Supplies Division
12775 W. Silver Spring Road
Butler, Wisconsin 53007
(414) 781-1860

Building Products Group

Plumbing Supply Division
7 College Avenue
Santa Rosa, California 95401
(707) 545-7101

HVAC Supply Division
Anaheim, California

Fab Steel Supply, Inc.
A southern California-based building products distributor.

Comp-Fast, Inc.
Distributes electronic components in the Northeast.

Transfer Agent(s):

Union Bank
140 Cedar Street
New York, New York 10006

Security Pacific National Bank
Security Pacific Plaza
Los Angeles, California 90071

Stock Exchange(s): New York, Pacific

Ticker Symbol: BI

Number of Employees:

1987	2,300	1984	2,300
1986	1,900	1983	2,000
1985	1,800		

Plant Footage:

1987	1,306,000 sq. ft.	1985	N.A.
1986	N.A.	1984	1,174,000

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 431,632,000	$ 12,765,000
1987	357,133,000	3,326,000
1986	300,176,000	3,031,000
1985	304,134,000	6,747,000
1984	312,036,000	11,250,000

	No. of Com. Shares #	Earn. per Share #
1988	6,513,000	$ 1.96
1987	6,559,000	0.51
1986	6,534,000	0.46
1985	6,437,000	1.05
1984	6,119,000	1.84

Based on the average number of shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues by Line of Business
(000's)

	1988	1987
Electronics	$ 274,024	$ 220,442
Building products	89,293	73,563
Graphic arts	44,372	42,367
Motor vehicle parts & acces.	23,943	20,761
Total	$ 431,632	$ 357,133

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1988	$ 0.280	—	—
1987	0.267	20%	
1986	0.267	—	—
1985	0.267	—	—
1984	0.267	—	—

† Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 116,460,000	$ 18.40
1987	107,611,000	16.58
1986	104,967,000	16.31
1985	102,599,000	16.08
1984	96,939,000	15.28

† Adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended June 30	1988	1987
Net sales	$ 431,632	357,133
Cost of sales	328,713	273,746
Expenses	87,705	74,235
Interest expense	3,209	2,301
Gain on sale of oper.	(9,753)	—
Income before taxes	$ 21,758	$ 6,851
Income taxes	8,993	3,525
Net Income	$ 12,765	$ 3,326

* Included in Costs and Expenses, Depreciation and Amortization: $6,603,000 in 1988 and $5,960,000 in 1987.

Assets
(000's)

As of June 30	1988	1987
Cash	$ 3,888	$ 2,402
Accts. receiv., net	55,402	52,466
* Inventories	93,598	82,627
Prepaid expenses	3.310	1,392
Current Assets	$ 156,198	$ 138,887
# Fixed assets	22,670	27,612
Other assets	12,743	13,889
Total Assets	$ 191,611	$ 180,388

Liabilities
(000's)

	1988	1987
Accts. payable	$ 28,757	$ 24,498
Accruals	11,934	9,458
Dividends payable	443	433
Long-term liab., curr.	2,579	2,601
Income taxes	5,706	145
Curr. Liabilities	$ 49,419	$ 37,135

Notes, mortg., deben.	18,862	29,571
Deferred comp.	5,578	4,771
Deferred inc. taxes	1,292	1,300
+ Common stock	1,582	1,622
Add. paid-in capital	49,728	51,789
Retained earnings	65,150	54,200
Total Liabilities & Shareholders' Equity	$ 191,611	$ 180,388

* At lower of cost (FIFO) or market (net realizable value).
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.04	1.92
%Net Income to Sales	2.96	0.93
%Net Income to Equity	10.96	3.09
Sales to Inventories	4.61	4.32
Working Capital	$ 106,779,000	$ 101,752,000
Current Ratio	3.16	3.74
Shareholders' Equity	$ 116,460,000	$ 107,611,000

Bio-Rad Laboratories, Inc.

1000 Alfred Nobel Drive
Hercules, California 94547
(415) 724-7000

Officers: David Schwartz, president; James Bennett, v.p.-Diagnostics Group; Burton A. Zabin, v.p.-Research Products Group; Peter V. Leigh, controller; Warren R. Howell, v.p.-Analytical Instruments Group; Guy Gerard, v.p.-European Operations; James L. Viglienzone, treasurer; Gerald Kaye, v.p.; Sanford S. Wadler, general counsel.

Directors: James J. Bennett, Albert J. Hillman, Philip L. Padou, Alice N. Schwartz, David Schwartz, Burton A. Zabin.

Areas of Work: Engaged in the development, manufacture and marketing of products used for the analysis of complex chemical mixtures into their individual components and to provide qualitative and quantitative information on each component. Products include specialty chemical and biological materials, separation and purification systems and accessories, diagnostic test kits, reagants and instruments, Fourier Transform Infra-Red Spectrometers, semiconductor measurement instruments, and confocal laser-scanning microscopes, and are used in a broad range of applications including research, manufacturing process and quality control and in the clinical and medical diagnosis of organic and metabolic disturbances in humans. The company also publishes spectral reference data used in research and industry.

Divisions and Subsidiaries:

Research Products Division
Richmond, California

Clinical Division
Hercules, California

Digilab Division
Cambridge, Massachusetts

Environmental Chemical Specialties Division
Anaheim, California

Sadtler Research Laboratories Division
Philadelphia, Pennsylvania

Ophthalmic Division
Cambridge, Massachusetts

Microscience Division
Watford, England

Bio-Rad Laboratories, Ges.m.b.H.
Vienna, Austria

Bio-Rad Laboratories S.A.-N.V.
Brussels, Belgium

Bio-Rad Laboratories (Canada) Ltd.
Mississauga, Canada

Bio-Rad Laboratories Ltd.
Watford, England

Bio-Rad Laboratories B.V.
Utrecht, The Netherlands

Bio-Rad Laboratories S.R.L.
Milan, Italy

Bio-Rad Laboratories AG
Zurich, Switzerland

Bio-Rad Laboratories GmbH
Munich, West Germany

Bio-Rad Laboratories Pty., Limited
Sydney, Australia

Nippon Bio-Rad Laboratories K.K.
Tokyo, Japan

Bio-Rad Pacific
Hong Kong

Bio-Rad S.A.
Paris, France

Acquisitions:

Emscope Laboratories Limited
England
Manufactures electron microscopy sample preparation equipment and supplies.

Oculab, Inc.
Glendale, California
Manufactures ophthalmic measuring devices.

Vickers Instruments, Inc.
(renamed Nanoquest, Inc.)
Woburn, Massachusetts

Vickers Instruments (Canada), Inc.
(renamed Nanoquest (Canada) Inc.
Ottawa, Canada

The two Vickers Instruments acquisitions develop, manufacture and market optical and electron beam measuring products principally to/for the semiconductor industry.

Transfer Agent(s):

Bankers Trust Company of California, NA
Corporate Trust & Agency Group
4 Albany Street
New York, New York 10015
Mailing address:
P.O. Box 318
Church Street Station
New York, New York 10015

Stock Exchange(s): American

Ticker Symbol: Class A common stock: BIO.A; Class B common stock: BIO.B

Number of Employees:

1988	1,700	1986	1,300
1987	1,400		

Plant Footage:

1987	675,000 sq. ft.	1986	576,000

Sales & Earnings

	Net Sales (000's)	Net Income + (000's)
1988	$ 198,898	$ 9,160
1987	159,479	7,713
1986 x	126,579	5,462
1985 x	102,329	3,612
1984	84,638	1,800

	No. of Com. Shares ‡	Earn. per Share +‡
1988	7,578,000	$ 1.21
1987	7,552,000	1.02
1986 x	7,262,000	0.75
1985 x	6,514,000	0.55
1984	6,433,000	0.28

x Restated to reflect change in accounting for income taxes.
+ Including extraordinary losses of $304,000 ($0.04 per share) in 1988 and $322,000 ($0.04 per share) in 1986.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues by Line of Business

	1988	1987
Research products	$ 76,726,000	$ 64,267,000
Diagnostic products	65,406,000	52,891,000
Analytical instrumentation	56,766,000	42,321,000
Total	$ 198,898,000	$ 159,479,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	50%	—
1985	—	50%	—
1984	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 59,513,000	$ 7.85
1987	50,138,000	6.64
1986 x	42,353,000	5.83
1985 x	29,216,000	4.49
1984	18,922,000	2.94

x Restated.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 198,898,000	$ 159,479,000
Cost of sales	87,946,000	68,628,000
Expenses	91,164,000	74,529,000
Interest expense	5,325,000	3,871,000
Invest. inc.	(272,000)	(419,000)
Other expense (income)	(458,000)	189,000
Income before taxes	$ 15,193,000	$ 12,681,000
Income taxes	5,729,000	4,968,000
Net Income	$ 9,464,000	$ 7,713,000
Extraord. loss	(304,000)	—
Net Income & extraord. loss	$ 9,160,000	$ 7,713,000

* Included in Costs and Expenses, Depreciation and Amortization: $6,405,000 in 1988 and $4,345,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 3,950,000	$ 1,929,000
Accts. receiv., net	46,685,000	39,448,000
*Inventories	44,181,000	37,400,000
Other curr. assets	6,928,000	6,579,000
Current Assets	$ 101,744,000	$ 85,356,000
#Fixed assets	44,027,000	40,398,000
Market securities	5,444,000	3,718,000
Other assets	4,109,000	2,515,000
Total Assets	$ 155,324,000	$ 131,987,000

Liabilities

Notes payable & long-term debt. curr.	$ 16,396,000	$ 18,710,000
Accts. payable	15,326,000	9,642,000
Accrued inc. taxes	1,177,000	1,326,000
Other curr. liabilities	20,457,000	15,767,000
Curr. Liabilities	$ 53,356,000	$ 45,445,000
Long-term debt	36,711,000	32,142,000
Deferred inc. taxes	5,744,000	4,262,000
+ Common stock	7,605,000	7,570,000
Add. paid-in capital	13,742,000	13,519,000
Retained earnings	37,694,000	28,534,000
For. curr. trans.	1,681,000	1,811,000
Net unreal. loss on market. secur.	(1,209,000)	(1,296,000)
Total Liabilities & Shareholders' Equity	$ 155,324,000	$ 131,987,000

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.64	7.95
%Net Income to Sales	4.76	4.84
%Net Income to Equity	15.90	15.38
Sales to Inventories	4.50	4.26
Debt to Equity	0.89	1.01
Working Capital	$ 48,388,000	$ 39,911,000
Current Ratio	1.91	1.88
Shareholders' Equity	$ 59,513,000	$ 50,138,000

The Birtcher Corporation

4501 North Arden Drive
El Monte, California 91731
(818) 575-8144

Officers: Ronald E. McAdams, chairman of the board, chief executive & financial officer; William E. Maya, president, chief operating officer & secretary; Ernest V. Jarvis, Jr., v.p.-operations; Robert O. Hancock, v.p.-sales.

Directors: Ronald E. McAdams, chairman; William E. Maya, Ernest V. Jarvis, Sr., David B. Jones, James R. Weersing.

Areas of Work: Designs, manufactures and distributes electronic medical instruments and electronic hardware.

Transfer Agent(s):

Bank of America
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BIRT (NASDAQ)

Number of Employees:

1988	48	1985	133
1987	55	1984	157
1986	N.A.		

Plant Footage:

1988	31,000 sq. ft.	1986	56,500
1987	51,000	1985	63,000

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income ‡
1988	$ 6,434,000	$ 701,348
1987	5,902,000	(1,938,987)
1986	7,464,000	(72,283)
1985*	3,493,000	(3,718,941)
1984	7,137,000	3,413,980

	No. of Com. Shares	Earn. per Share ‡ #
1988	2,073,014	$ 0.16
1987	2,073,014	—
1986	2,073,014	—
1985*	2,019,514	—
1984	2,049,853	1.65

(Loss)
* 6 months.
+ Of continuing operations only.
‡ Including extraordinary gains of $370,000 in 1986 and $380,000 ($0.19 per share) in 1984.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 844,553 ‡	$ 0.41
1987	694,281 ‡	0.33
1986	2,772,193	1.34
1985	2,745,076	1.36
1984	6,590,539	3.22

‡ After allowing for preferred stock at liquidation value.

Income Account *

Year ended Dec. 31	1988	1987
Revenues	$ 6,433,951	$ 5,901,671
Cost of sales	2,957,596	4,101,824
Expenses:		
Marketing	1,115,675	1,031,532
Administrative	1,273,916	1,927,352
Eng. and development	347,659	305,480
Interest expense	37,757	74,470
Loss on discont. prod. line	—	400,000
Net Income (Loss)	$ 701,348	$ (1,938,987)

* Included in Costs and Expenses, Depreciation and Amortization: $73,109 in 1988 and $236,157 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 26,889	$ 395,803
Marketable securities	3,708,004	3,175,303
Accts. receiv, net	940,177	736,601
Other receivables	9,971	269,319
*Inventories	832,514	1,058,282
Prepaid expenses	61,305	34,903
Current Assets	$ 5,578,860	$ 5,670,211
#Fixed assets	210,625	209,459
Other assets	257,321	9,765
Total Assets	$ 6,046,806	$ 5,889,435

Liabilities

Long-term debt, curr.	$ 18,212	$ 18,212
Accts. payable	328,411	830,578
Accrued payroll	240,541	208,774
Other curr. liabilities	473,224	524,796
Curr. Liabilities	$ 1,060,388	$ 1,582,360
Long-term debt	44,365	65,294
+Preferred stock	4,097,500	3,547,500
++Common stock	2,073,014	2,073,014
Add. paid-in capital	1,359,982	1,361,058
Retained earnings (deficit)	(2,038,443)	(2,739,791)
Notes receiv. - shareholders	(550,000)	—
Total Liabilities & Shareholders' Equity	$ 6,046,806	$ 5,889,435

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value; 6% cumulative convertible.
++ $1 par value.

Statistical Summary

% Net Income to Sales	10.90	—
% Net Income to Equity	14.19	—
Debt to Equity	0.01	0.02
Working Capital	$ 4,518,472	$ 4,087,851
Current Ratio	5.26	3.58
Shareholders' Equity	$ 4,942,053	$ 4,241,781

Bishop Incorporated

(formerly Bishop Graphics, Inc.)

5210 Lewis Road
P.O. Box 6012
Agoura Hills, California 91301-6012
(818) 991-2600

Officers: Richard M. Drysdale, chairman of the board; Kenneth J. Kay, president & chief executive officer; Dennis K. Tsuyuki, controller, treasurer & secretary.

Directors: Richard M. Drysdale, chairman; Kenneth J. Kay, Morton M. Kay, David J. Cohen, Ridge L. Harlan, Aaron L. Kotler.

Areas of Work: The Company is principally involved in the marketing and distribution of drafting and engineering equipment and supplies for the engineering, electronics, mechanical and architectural industries. The Company is also engaged in the manufacture and distribution of precision electronic component drafting symbols used in the creation of master artwork for printed circuit board design. In addition, the Company markets and distributes computer-aided design (CAD) software for printed circuit board and general purpose mechanical design, as well as application specific engineering workstations and systems for electronic and mechanical design.

Divisions and Subsidiaries:

Design Products Division
San Fernando, California
Manufactures precision pressure-sensitive adhesive-backed products.

Commercial Products Division
Canoga Park and Sunnyvale, California
Operates two California-based drafting supply centers.

BGI Leasing Company
Westlake Village, California
(818) 707-2502
Provides lease and installment sales financing to the Company's customers.

InterCad, Inc.
Santa Clara, California
Markets and distributes electronic and mechanical computer-aided design (CAD) and manufacturing (CAM) workstations.

Precision Drafting, Inc.
Santa Clara, California
Sells general engineering and drafting supplies.

Accupress
San Fernando, California
A format printing operation catering to architects, drafters and engineers.

Transfer Agent(s):

City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BISH (NASDAQ)

Number of Employees:

1988	100	1985	145
1987	120	1984	170
1986	150		

Plant Footage:

1988 .... N.A. 1985 111,200
1987 .... 95,600 sq. ft. 1984 96,700
1986 105,200

N.A. - Not Available.

Sales & Earnings

	Net Sales †	Net Income
1988	$ 9,829,000	$ (2,531,000)
1987	9,788,000	(538,000)
1986	11,776,000	(538,000)
1985	13,400,000	492,000
1984	14,668,000	1,072,000

	No. of Com. Shares +	Earn. per Share +
1988	2,370,000	$ —
1987	2,365,000	—
1986	2,339,000	—
1985	2,312,000	0.21
1984	2,314,000	0.46

(Loss)
† Of continuing operations only.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	10%	--

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 2,830,000	$ 1.19
1987	5,350,000	2.26
1986	5,833,000	2.49
1985	6,255,000	2.71
1984	5,575,000	2.41

+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 9,829,000	$ 9,788,000
Lease financing	232,000	183,000
Total revenues	$ 10,061,000	$ 9,971,000
Cost of sales	5,819,000	5,685,000
Expenses	5,144,000	5,263,000
Repositioning costs	2,040,000	—
Interest income	(33,000)	(53,000)
Interest expense	12,000	70,000
Gain on sale of lease receiv.	(64,000)	—
Loss before taxes	$ (2,857,000)	$ (994,000)
Tax credit	(326,000)	(456,000)
Net Loss	$ (2,531,000)	$ (538,000)

* Included in Costs and Expenses, Depreciation and Amortization: $800,000 in 1988 and $340,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 779,000	$ 708,000
Acct. receiv., net	1,019,000	1,366,000
Lease receiv., curr.	364,000	505,000
* Inventories	1,389,000	1,651,000
Prepaid inc. taxes	79,000	421,000
Prepaid expenses	113,000	257,000
Current Assets	$ 3,743,000	$ 4,908,000
# Fixed assets	424,000	1,042,000
Other assets	347,000	650,000
Total Assets	$ 4,514,000	$ 6,600,000

Liabilities

Accts. payable	$ 865,000	$ 541,000
Accruals	234,000	265,000
Emp. benefit plan	—	45,000
Def. inc. taxes	—	115,000
Non-competition agree.	50,000	104,000
Other accrued expenses	457,000	126,000
Curr. Liabilities	$ 1,606,000	$ 1,196,000
Security deposits	78,000	54,000
+ Common stock	237,000	16,000
Add. paid-in capital	3,935,000	4,156,000
Retained earnings (deficit)	(1,339,000)	1,192,000
Notes receiv. from stock sale	(3,000)	(14,000)
Total Liabilities & Shareholders' Equity	$ 4,514,000	$ 6,600,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $0.10 par value in 1988; $.00666 par value in 1987.

Statistical Summary

Sales to Inventories	7.08	5.93
Working Capital	$ 2,137,000	$ 3,712,000
Current Ratio	2.33	4.10
Shareholders' Equity	$ 2,830,000	$ 5,350,000

BMC Industries, Inc.

(formerly Buckbee-Mears Company)

Two Appletree Square
Minneapolis, Minnesota 55425
(612) 851-6000

Officers: Robert J. Carlson, chairman, president & chief exec. officer; Carl A. Bergmann, corp. v.p. & president-Optical Products; Gerald M. Bestler, exec. v.p.; Merle D. Kerr, v.p.-finance, treasurer & chief financial officer; Kenneth W. Lewis, v.p.-human resources & administration; Michael P. Hawks, controller; Peter H. Trembath, secretary & general counsel.

Directors: Robert J. Carlson, chairman; Carl B. Drake, Jr., Lyle D. Altman, Joe E. Davis, Donald J. Doughman, H.D. Elverum, Norman C. Mears, Burton N. Noah, S. Walter Richey, Charles S. Strauch, Richard A. Swalin.

Areas of Work: Manufactures and markets precision etched metal components, specialty printed circuits, electroformed parts, etched and filled glass products, and aperture masks -- etched fine screen grids that are a component part of every color cathode ray tube; also manufactures and markets optical lenses.

Divisions and Subsidiaries:

PRECISION ETCHED PRODUCTS

Buckbee-Mears St. Paul
245 East Sixth Street
St. Paul, Minnesota 55101
(612) 228-6400

Buckbee-Mears Cortland
P.O. Box 189
Kellogg Road
Cortland, New York 13045
(607) 753-9615

Buckbee-Mears Europe GmbH
7840 Muellheim-Baden
Postfach 1162, Renkenrunsstrasse, West Germany

OPTICAL PRODUCTS

Buckbee-Mears Europe Optics
7840 Muellheim-Baden
Postfach 1162, Renkenrunsstrasse, West Germany

Vision-Ease Lens
3301 Southwest Ninth Avenue
Fort Lauderdale, Florida 33315
(305) 525-1351

Vision-Ease Lens
700 North 54th Avenue
St. Cloud, Minnesota 56301
(612) 251-8782

Transfer Agent(s):

Norwest Capaital Resources
P.O. Box 738
South St. Paul, Minnesota 55075-0738

Bradford Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: BMC

Number of Employees:

1988 .... 2,163 1985 .... N.A.
1987 .... 1,976 1984 4,789
1986 2,061

Plant Footage:

1988 .... 564,000 sq. ft. 1985 .... N.A.
1987 .... 498,000 1984 1,184,000
1986 498,000

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income †
1988	$ 160,346,000	$ 4,888,000
1987	146,853,000	4,509,000
1986	123,391,000	(5,204,000)
1985	98,781,000	(69,393,000)
1984	87,726,000	601,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	5,325,000	$ 0.92
1987	5,302,000	0.85
1986	5,206,000	—
1985	5,179,000	—
1984	5,171,000	0.11

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $2,620,000 ($0.51 per share) in 1985.
‡ Based on the average number of shares outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Precision etched prods.	$ 86,917	$ 77,611
Optical prods.	73,429	69,242
Total	$ 160,346	$ 146,853

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	
1985	0.12	—	—
1984	0.46	—	—
1983	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 13,564,000	$ 2.57
1987	8,998,000	1.71
1986	675,000	0.13
1985	3,241,000	0.62
1984	72,038,000	13.92

x Restated.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 160,346	$ 146,853
Cost of sales	132,000	116,936
Amort. of def. credit	—	(73)
Expenses	13,601	13,437
Interest expense	7,273	8,054
Other expense (income)	144	(60)
Income before taxes	$ 7,328	$ 8,559
Income taxes	2,440	4,050
Net Income	$ 4,888	$ 4,509

* Included in Costs and Expenses, Depreciation: $4,522,000 in 1988 and $4,131,000 in 1987.
‡ Restated.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 17,112	$ 14,425
Accts. receiv., net	16,947	19,465
*Inventories	28,601	28,694
Other curr. assets	6,520	6,478
Current Assets	$ 69,180	$ 69,062
#Fixed assets	34,558	26,964
Other assets	10,042	9,740
Total Assets	$ 113,780	$ 105,766

Liabilities
(000's)

As of Dec. 31	1988	1987
Short-term borr.	$ —	$ 4,086
Long-term debt, curr.	5,872	604
Accts. payable	8,919	7,351
Accrued payroll	2,515	2,465
Accrued pension	1,543	1,675
Accrued interest	1,433	1,697
Income taxes pay.	1,057	1,750
Other accruals	5,108	3,492
Curr. Liabilities	$ 26,447	$ 23,120
Long-term debt	66,263	67,142
Other liabilities	6,389	5,672
Deferred inc. taxes	1,117	834
+Common stock	40,908	40,764
Retained earnings (deficit)	(30,735)	(35,623)
Translation adjust.	3,391	3,857
Total Liabilities & Shareholders' Equity	$ 113,780	$ 105,766

* At lower of average cost or market.
# Less accumulated deprecation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.57	5.83
%Net Income to Sales	3.05	3.07
%Net Income to Equity	36.04	50.11
Sales to Inventories	5.61	5.12
Debt to Equity	5.32	7.98
Working Capital	$ 42,733,000	$ 45,942,000
Current Ratio	2.62	2.99
Shareholders' Equity	$ 13,564,000	$ 8,998,000

The Boeing Company

P.O. Box 3707
7755 East Marginal Way South
Seattle, Washington 98108
(206) 655-2121

Officers: Frank Shrontz, chairman of the board & chief executive officer; M. T. Stamper, vice chairman; H. W. Haynes, exec. v.p. & chief financial officer; D. P. Beighle, sr. v.p. & secretary; D. D. Thornton, sr. v.p. & president-Boeing Commercial Airplane Company; L. D. Alford, sr. v.p.; O. M. Roetman, v.p.-governmental & international affairs; R. B. Brown, v.p.-product evaluation; T. J. Collins, v.p. & general counsel; D. J. Crispin, v.p.-employee benefits, insurance & taxes; D. D. Cruze, v.p.-operations; B. E. Givan, v.p.-finance; H. K. Hebeler, v.p.-corp. planning; J. B. L. Pierce, vice president; B. D. Pinick, sr. vice president; O. M. Roetman, vice president; A. H. Lowell, v.p. & controller; H. C. Munson, v.p.-strategic planning; A. D. Welliver, v.p.-engineering & technology; J. M. Swihart, v.p.-international affairs; W. H. Albrecht, staff v.p.-government contracts; G. B. Bland, staff v.p.-trust investments & investor relations; H. E. Carr, staff v.p.-public relations & advertising; F. G. Coffey, staff v.p.-governmental affairs; D. A. Jaeger, staff v.p. & treasurer; John G. Lang, staff v.p.-technical computing systems; J. F. Peritore, staff v.p.-human resources; L. G. McKean, staff v.p.-labor relations; B. Mishel, v.p.-Washington, D.C. office; J. E. Schmick, staff v.p. & deputy dir.-Washington, D.C. office; M. K. Miller, president-Boeing Aerospace Company; D. R. Chestnut, president-Boeing Helicopter Company; R. L. Dryden, president-Boeing Military Airplane Company; M. R. Hallman, president-Boeing Computer Services Company; A. E. Hitsman, president-Boeing Electronics Company; A. M. S. Goo, president-Boeing Advanced Systems Company; Bill B. May, corp. v.p. & chairman & chief exec. officer-ARGOSystems Inc.; Kenneth P. Miles, president-ARGOSystems Inc.; R. B. Woodard, president-de Havilland Canada; R. R. Albrecht, exec. v.p.-Boeing Commercial Airplane Company; P. M. Condit, exec. v.p.-Boeing Commercial Airplane Company; J. R. Potter, exec. v.p.-Boeing Military Airplane Company, C. G. King, exec. v.p.-Boeing Advanced Systems Company.

Directors: Frank Shrontz, chairman; Robert A. Beck, John B. Fery, Harold J. Haynes, Harold W. Haynes, Stanley Hiller, Jr., George M. Keller, Lee L. Morgan, Charles M. Pigott, George P. Shultz, M. T. Stamper, George H. Weyerhaeuser, T. A. Wilson.

Areas of Work: The Company is involved in missile and space-oriented activities as well as the manufacture of military and commercial helicopters and aircraft, and computer products and services, and associated products.

Divisions and Subsidiaries:

Boeing Aerospace Company
Kent, Washington

Boeing Commercial Airplane Company
Renton, Washington

Boeing Advanced Systems Company
Seattle, Washington

Boeing Military Airplane Company
Wichita, Kansas; Seattle, Washington

Boeing Helicopter Company
Philadelphia, Pennsylvania

Boeing Computer Services Company
Bellevue, Washington

Boeing Electronics Company
Seattle, Washington

de Havilland Aircraft of Canada, Ltd.
Toronto, Ontario, Canada
Manufactures commuter aircraft.

ARGOSystems, Inc.
310 North Mary Avenue
Sunnyvale, California 94086
(408) 737-2000
Designs advanced electronic systems that listen to and make sense of hostile radar and radio signals for the defense and intelligence forces of the U.S. and its allies.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, London, Switzerland, Amsterdam, Boston*, Cincinnati*, Midwest*, Philadelphia*, Brussels*. *Unlisted trading privileges.

Ticker Symbol: BA

Number of Employees:

1988	154,200	1985	98,700
1987	143,700	1984	86,600
1986	115,000		

Plant Footage:*

1988	59.0	1985	47.2
1987	56.9	1984	44.3
1986	51.7		

* Company-owned, leased and govt.-owned floor area; in million square feet.

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 16,962,000	$ 614,000
1987	15,505,000	480,000
1986	16,444,000	665,000
1985	13,745,000	566,000
1984	10,442,000	787,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	153,233,000	$ 4.02
1987	152,273,000	3.10
1986	155,095,000	4.28
1985	155,189,000	3.75
1984	145,837,000	5.39

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Commercial transportation prods. & rel. services	$ 11,369,000	$ 9,827,000
Military transportation prods. & rel. systems	3,668,000	3,979,000
Missiles/space & miscellaneous	1,457,000	1,063,000
Other industries	468,000	636,000
Total	$ 16,962,000	$ 15,505,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1988	$ 1.55	—	—
1987	1.40	—	
1986	1.20	—	—
1985	1.04	—	3-for-2
1984	0.93	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1988	$ 5,404,000	$ 35.27
1987	4,987,000	32.75
1986	4,826,000	31.12
1985	4,364,000	28.12
1984	3,695,000	25.37

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 16,962,000	$ 15,505,000
Cost of sales & exp.	16,514,000	15,146,000
Other income	(378,000)	(308,000)
Interest & debt exp.	6,000	9,000
Income before taxes	$ 820,000	$ 658,000
Income taxes	206,000	178,000
Net Income	$ 614,000	$ 480,000

* Included in Costs and Expenses, Depreciation: $567,000,000 in 1988 and $504,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cert. of deposit	$ 3,544,000	$ 2,197,000
Short-term investments	419,000	1,238,000
Accts. receiv., net	1,559,000	1,546,000
Long-term customer financing, curr.	92,000	823,000
Inventories	2,947,000	3,509,000
Current Assets	$ 8,561,000	$ 9,313,000
Long-term customer financing	1,039,000	392,000
#Fized assets	2,703,000	2,554,000
Investments & other assets	305,000	307,000
Total Assets	$ 12,608,000	$ 12,566,000

Liabilities
(000's)

	1988	1987
Long-term debt. curr.	$ 7,000	$ 14,000
Accts. payable & accruals	4,697,000	4,434,000
Advs. & prog. billings in exc. of costs	1,304,000	846,000
Income taxes	697,000	1,773,000
Curr. Liabilities	$ 6,705,000	$ 7,067,000
Long-term debt	251,000	256,000
Deferred invest. credit	43,000	67,000
Deferred inc. taxes	205,000	189,000
+Common stock	1,341,000	1,335,000
Retained earnings	4,137,000	3,760,000
Treasury stock	(74,000)	(108,000)
Total Liabilities & Shareholders' Equity	$ 12,608,000	$ 12,566,000

# Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.83	4.24
%Net Income to Sales	3.62	3.10
%Net Income to Equity	11.36	9.63
Sales to Inventories	5.76	4.42
Debt to Equity	0.05	0.05
Working Capital	$ 1,856,000,000	$ 2,246,000,000
Current Ratio	1.28	1.32
Shareholders' Equity	$ 5,404,000,000	$ 4,987,000,000

Bolt Beranek and Newman Inc.

10 Fawcett Street
Cambridge, Massachusetts 02238
(617) 873-2000

Officers: Stephen R. Levy, chairman & chief executive officer; Michael P. LaVigna, president & chief operating officer; Michael Nacey, v.p.-administration; Bruce D. Glabe, sr. v.p. & chief financial officer; Ralph Goldwasser, v.p. & controller; W.B. Barker, sr. v.p.; John Montjoy, v.p. & general counsel; Daniel Sullivan, v.p.; Daniel M. Clarke, v.p..

Directors: Stephen R. Levy, chairman; Roger D. Wellington, Andrew L. Nichols, Michael P. LaVigna, Howard Swearer, John M. Albertine, Samuel Labate.

Areas of Work: Through its wholly owned subsidiaries, the Company designs, manufactures, sells,and supports computer products and systems including integrated wide-area communications networks, packaged data analysis software, and high-performance computers; and offers consulting, research, development, and systems-building services in computer and information sciences, and physical sciences.

Subsidiaries:

BBN Systems and Technologies Corporation
10 Moulton Street
Cambridge, Massachusetts 02238
(617) 873-3000

BBN Communications Corporation
150 Cambridge Park Drive
Cambridge, Massachusetts 02140
(617) 873-4000

BBN Software Products Corporation
10 Fawcett Street
Cambridge, Massachusetts 02238
(617) 873-5000

BBN Advanced Computers Inc.
10 Fawcett Street
Cambridge, Massachusetts 02238
(617) 873-6000

BBN Manufacturing Corporation
1100 Technology Park Drive
Billerica, Massachusetts 01821
(617) 671-1000

Develops, manufactures and maintains low-cost, high-performance, computer-image generation systems for simulation, mission management, and animation.

Network Switching Systems, Inc.
Develops high-speed switching products.

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: BBN

Number of Employees:

1988	3,140	1985	1,796
1987	2,641	1984	1,530
1986	2,113		

Plant Footage:

1988 ...... 1,006,800 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 305,191,000	$ 18,147,000
1987	233,841,000	(8,029,000)
1986	178,049,000	11,332,000
1985	138,220,000	8,451,000
1984	106,350,000	5,929,000

	No. of Com. Shares +	Earn per Share +
1988	18,883,391	$ 0.95
1987	17,438,436	—
1986	17,392,244	0.65
1985	16,671,428	0.51
1984	15,535,576	0.38

(Loss)
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987	1986
Research. develop. & consulting	$ 109,172,000	$ 82,651,000
Computer & communications prods.	196,019,000	151,190,000
Total	$ 305,191,000	$ 233,841,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.060	—	—
1987	0.055	—	
1986	0.050	—	—
1985	0.050	—	—
1984	0.050	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 111,554,000	$ 5.91
1987	85,581,000	4.91
1986	78,849,000	4.53
1985	62,446,000	3.75
1984	50,971,000	3.28

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 305,191,000	$ 233,841,000
Operating costs & expenses	276,437,000	230,043,000
Interest expense	5,929,000	1,880,000
Interest income	(5,032,000	(2,260,000)
Other expense	361,000	265,000
Income before taxes	$ 27,496,000	$ 3,913,000
Income taxes	9,349,000	11,942,000
Net Income (Loss)	$ 18,147,000	$ (8,029,000)

* Included in Costs and Expenses, Depreciation:$16,851,000 in 1988 and $12,272,000 in 1987.

Assets

As of June 30	1988	1987
Cash & temp. invest.	$ 90,128,000	$ 72,300,000
Accts. receiv., net	70,842,000	73,504,000
*Inventories	22,494,000	10,645,000
Refund. inc. taxes	482,000	6,599,000
Other curr. assets	5,817,000	4,980,000
Current Assets	$ 189,763,000	$ 168,028,000
#Fixed assets	59,691,000	47,921,000
Purch. software tech.	8,326,000	9,733,000
Cap. software develop. costs	3,528,000	2,567,000
Other assets	2,714,000	2,335,000
Total Assets	$ 264,022,000	$ 230,584,000

Liabilities

Accts. payable	$ 6,444,000	$ 9,182,000
Oblig. under cap. leases	1,914,000	1,834,000
Accrued salaries	8,076,000	4,719,000
Other accruals	12,107,000	8,916,000
Deferred revenues	9,557,000	6,062,000
Deferred taxes	21,325,000	20,532,000
Curr. Liabilities	$ 59,423,000	$ 51,245,000
Convert. subord. deben.	84,700,000	84,700,000
Long-term debt	2,752,000	5,137,000
Deferred inc. taxes	5,593,000	3,921,000
+Common stock	18,870,000	18,429,000
Add. paid-in capital	41,219,000	32,706,000
Retained earnings	51,465,000	34,446,000
Total Liabilities & Shareholders' Equity	$ 264,022,000	$ 230,584,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.01	1.67
%Net Income to Sales	5.95	—
%Net Income to Equity	16.27	—
Sales to Inventories	13.57	21.97
Debt to Equity	0.04	0.08
Working Capital	$ 130,340,000	$ 116,783,000
Current Ratio	3.19	3.28
Shareholders' Equity	$ 111,554,000	$ 85,581,000

Boonton Electronics Corporation

791 Route 10
Randolph, New Jersey 07869
(201) 584-1077

Officers: Joseph G. Gillespie, president; G. Raymond Polen, v.p.-engineering; John E. Titterton, secretary, treasurer & v.p.-finance.

Directors: Jack Frucht, Ronald DeBlis, Joseph G. Gillespie, John M. Young, Otto H. York.

Areas of Work: Designs and manufactures electronic measuring instruments for use in the laboratory and on production lines of manufacturers of electronic components and equipment. These instruments include RF voltmeters, microwave power meters, signal generators, modulation meters, admittance bridges, and capacitance and inductance meters and bridges.

Subsidiary:

Boonton Domestic International Sales Corporation
(DISC)
Randolph, New Jersey

Acquisition:

Integra, Inc.
Milpitas, California
Manufactures products for the microwave sweep generator and scalar network analyzer markets.

Transfer Agent(s):

First Fidelity Bank, N.A., New Jersey
765 Broad Street
Newark, New York 07101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BOON (NASDAQ)

Sales & Earnings

	Net Sales ‡	Net Income #
1988	$ 13,530,002	$ 831,665
1987	12,609,802	618,893
1986	9,910,254	281,750
1985	10,182,620	296,740
1984	10,766,638	707,757

	No. of Com. Shares +	Earn. per Share # +
1988	1,436,993	$ 0.58
1987	1,480,297	0.42
1986	1,479,485	0.19
1985	1,388,831	0.21
1984	1,261,420	0.51

‡ Includes other income.
# Including extraordinary gain of $85,236 ($0.06 per share) in 1985.
+ Based on the average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 8,510,485	$ 5.92
1987	7,912,752	5.35
1986	7,279,509	4.92
1985	6,997,759	5.04
1984	6,691,452	5.30

# Based on the average number of shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 13,530,002	$ 12,609,802
Cost of sales	6,842,285	6,747,099
Expenses	4,891,454	4,667,857
Oper. profit	$ 1,796,263	$ 1,194,846
Unusual item	317,969	—
Interest expense	128,674	94,837
Other expense	67,582	98,186
Income before taxes	$ 1,282,038	$ 1,001,823
Income taxes	450,373	382,930
Net Income	$ 831,665	$ 618,893

* Included in Costs and Expenses, Depreciation: $432,747 in 1988 and $399,514 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 39,297	$ 15,187
Short-term invest.	100,000	—
Accts. receiv., net	2,540,122	2,949,009
* Inventories	5,154,167	4,621,485
Prepaid expenses	114,411	119,456
Current Assets	$ 7,947,997	$ 7,705,137
# Fixed assets	2,943,663	3,197,277
Other assets	249,761	218,883
Total Assets	$ 11,141,421	$ 11,121,297

Liabilities

Bank loans	$ —	$ 25,000
Notes payable	200,000	200,000
Accts. payable	507,976	953,026
Accruals	817,906	721,933
Curr. Liabilities	$ 1,525,882	$ 1,899,959
Long-term debt	903,315	1,103,315
Deferred taxes	201,739	205,271
+ Common stock	148,809	148,293
Add. paid-in capital	4,342,481	4,322,059
Retained earnings	4,274,065	3,442,400
Treasury stock	(254,870)	—
Total Liabilities & Shareholders' Equity	$ 11,141,421	$ 11,121,297

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.48	7.94
%Net Income to Sales	6.15	4.91
%Net Income to Equity	9.77	7.82
Sales to Inventories	2.63	2.73
Debt to Equity	0.13	0.17
Working Capital	$ 6,422,115	$ 5,805,178
Current Ratio	5.21	4.06
Shareholders' Equity	$ 8,510,485	$ 7,912,752

Boston Digital Corporation

Granite Park
Milford, Massachusetts 01757
(508) 473-4561

Officers: Ara Aykanian, president; Thomas D. Linn, executive v.p. & treasurer; Joseph F. Banafato, v.p. & chief financial officer; William D. Brennan, v.p.-research & development; Colin J. Stearman, v.p.-systems engineering; Simon Queen, clerk; Stanley Leven, asst. clerk; Benjamin M. Thomas, v.p.-marketing; John A. Wake, v.p.-operations; William F. Staples, asst. treasurer & controller.

Directors: Ara Aykanian, H. Joseph Gerber, Thomas D. Linn, Stanley Leven, David J. Logan, Simon Queen.

Areas of Work: Develops, manufactures and markets computer numerically controlled precision machining systems and software.

Subsidiaries:

BostoMatic GmbH
West Germany

BostoMatic U.K., Ltd.
England

BostoMatic Foreign Sales Corporation (FSC)
U.S. Virgin Islands

Boston Digital Investment Corporation

Transfer Agent(s):

Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BOST (NASDAQ)

Number of Employees:

1988	160	1986	136
1987	152		

Plant Footage:

1988	80,000 sq. ft.	1985	80,000
1987	80,000	1984	80,000
1986	80,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 16,446,000	$ 64,000
1987	12,482,000	(483,000)
1986	13,558,000	(614,000)
1985	15,773,000	343,000
1984	18,289,000	1,111,000

	No. of Com. Shares #	Earn per Share #
1988	2,673,839	$ 0.02
1987	2,631,270	—
1986	2,631,270	—
1985	2,736,679	0.13
1984	2,752,350	0.40

(Loss)
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 12,449,000	$ 4.66
1987	12,385,000	4.71
1986	12,868,000	4.89
1985	13,482,475	4.93
1984	13,139,075	4.77

# Based on the weighted average number of shares outstanding.

Income Account *

Year ended April 30	1988	1987
Net sales	$ 16,445,552	$ 12,481,657
Cost of sales	11,813,441	9,672,204
Expenses	4,198,284	3,597,340
Oper. loss	$ 433,827	$ (787,887)
Interest expense	351,436	334,207
Interest income	(48,560)	(140,051)
Eq. in inc. of affil. co.	(8,697)	—
Inc. (loss) bef. taxes	$ 139,648	$ (982,043)
Income taxes (credit)	76,000	(499,000)
Net Income (Loss)	$ 63,648	$ (483,043)

* Included in Costs and Expenses, Depreciation and Amortization: $416,029 in 1988 and $470,144 in 1987.

Assets

As of April 30	1988	1987
Cash	$ 412,331	$ 95,209
Short-term invest.	4,647,304	3,976,758
Income taxes refundable	—	520,036
Accts. receiv., net	2,638,231	3,660,473
*Inventories	5,505,176	4,994,970
Prepaid expenses	93,241	87,197
Deferred inc. taxes	296,900	271,900
Current Assets	$ 13,593,183	$ 13,606,543
#Fixed assets	3,392,742	3,681,508
Other assets	288,595	310,058
Total Assets	$ 17,274,520	$ 17,598,109

Liabilities

Long-term debt, curr.	$ 152,500	$ 142,500
Accts. payable	554,579	982,124
Accrued payroll	298,039	222,671
Other accruals	290,820	222,379
Income taxes pay.	57,999	—
Accrued warranty exp.	240,000	240,000
Curr. Liabilities	$ 1,593,937	$ 1,809,674
Long-term debt	2,820,000	2,972,500
Deferred inc. taxes	411,900	430,900
+Common stock	263,127	263,127
Add. paid-in capital	4,368,079	4,368,079
Retained earnings	7,817,477	7,753,829
Total Liabilities & Shareholders' Equity	$ 17,274,520	$ 17,598,109

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.85	—
%Net Income to Sales	0.39	—
%Net Income to Equity	0.51	—
Sales to Inventories	2.99	2.50
Debt to Equity	0.24	0.25
Working Capital	$ 11,999,246	$ 11,796,869
Current Ratio	8.53	7.52
Shareholders' Equity	$ 12,448,683	$ 12,385,035

Bowmar Instrument Corporation

5050 North 40th Street
Suite 200
Phoenix, Arizona 85018
(602) 957-0271

Officers: Edward A. White, chairman & chief exec. officer; Thomas K. Lanin, chief financial officer, v.p.-finance, secretary & treasurer.

Directors: Edward A. White*, chairman; James C. Marlas*, Harry Rex Land, Jr., Fred N. Gerard*, Dan L. McGurk, Gardiner S. Dutton, James W. Myers.

* Member of the Executive Committee

Areas of Work: Manufactures data communications products, including multifunction generators and data acquisition equipment. Also manufactures electronic communications test equipment, electromechanical digital displays, keyboards and thermal printers for use in industrial instrumentation applications, and electromechanical components and packages, including rotating devices (gearheads, motors and motor generators), synchros, mechanical counters, resolvers, dial drives, mechanical packages, ordnance devices and built-to-print military subcontracts.

Divisions:

Bowmar Aerospace Division

Bowmar Data Entry Division
4640 126th Avenue, North
Clearwater, Florida 34622
(813) 573-2525

Bowmar Telecommunications Division
531 Main Street
Acton, Massachusetts 01720
(508) 263-8365

Subsidiaries:

Bowmar/ALI, Inc.
531 Main Street
Acton, Massachusetts 01720
(508) 263-8365

Bowmar Instrument Limited
43/45 High Street
Weybridge, Surrey KT13 8BB England
(932) 51341

White Technology, Inc.
4246 East Wood Street
Phoenix, Arizona 85040
(602) 437-1520
Manufactures custom and proprietary hybrid-integrated circuits.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: BOM

Number of Employees:

1988	584	1985	888
1987	624	1984	926
1986	1,170		

Plant Footage:

1988	191,000 sq. ft.	1985	220,000
1987	219,000	1984	220,000
1986	279,000		

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 39,692,000	$ (1,278,000)
1987	39,461,000	(2,817,000)
1986	41,516,000	982,000
1985	41,887,000	2,153,000
1984	31,177,000	795,000

	No. of Com. Shares #	Earn. per Shares †#
1988	6,049,683	$ —
1987	6,045,763	—
1986	6,052,339	0.16
1985	6,049,793	0.36
1984	5,997,650	0.15

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $37,000 ($0.01 per share) in 1985 and $86,000 ($0.02 per share) in 1984.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988 (000's)	%	1987 (000's)	%
Electronics	$ 21,844	55 %	$ 22,776	58 %
Electromechanical	17,848	45	16,685	42
Total	$ 39,692	100 %	$ 39,461	100 %

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 4,623,000	$ 0.76
1987	5,783,000	0.96
1986	10,130,000	1.67
1985	8,470,000	1.40
1984	5,065,000	0.84

+ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net sales	$ 39,692	$ 39,461
Cost of sales	30,585	31,744
Expenses	7,742	7,255
Prod. develop.	853	612
Interest expense	1,703	1,546
Other expense (income)	(300)	338
Loss before taxes	$ (891)	$ (2,034)

Tax credit	(7)	(846)
Loss-cont. oper.	$ (884)	$ (1,188)
Loss-discont. oper.	(394)	(1,629)
Net Loss	$ (1,278)	$ (2,817)

• Included in Costs and Expenses, Depreciation and Amortization: $1,456,000 in 1988 and $1,360,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash	$ 248	$ 1,777
Receiv., net	7,199	5,509
•Inventories	9,662	9,485
Prepaid expenses	145	115
Land held for sale	—	199
Current Assets	$ 17,254	$ 17,085
#Fixed assets	5,185	6,053
Other assets	974	1,038
Net assets-discont. oper.	—	5,823
Total Assets	$ 23,413	$ 29,999

Liabilities
(000's)

Notes payable	$ 3,111	$ 7,151
Long-term debt, curr.	700	1,051
Accts. payable	2,407	3,341
Accruals	3,333	2,352
Curr. Liabilities	$ 9,551	$ 13,895
Long-term debt	9,239	10,321
+Common stock	605	604
Add. paid-in capital	2,836	2,729
Retained earnings	1,184	2,462
Foreign currency adjustments	(2)	(12)
Total Liabilities & Shareholders' Equity	$ 23,413	$ 29,999

• At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 stated value.

Statistical Summary

Sales to Inventories	4.11	4.16
Debt to Equity	2.82	3.20
Working Capital	$ 7,703,000	$ 3,190,000
Current Ratio	1.81	1.23
Shareholders' Equity	$ 4,623,000	$ 5,783,000

BRIntec Corporation

1600 West Main Street
Willimantic, Connecticut 06226-1128
(203) 456-8000

Officers: Peter Petruchik, president & chief exec. officer; R. Guy Boyle, exec. v.p. & chief financial officer; Leslie K. Breiland, v.p. & treasurer; L. Richard Krewson, v.p., controller & secretary; Reginald W. Barrett, v.p.-BRIntec Systems Corp. & pres.-Connector Products Group; John J. Finnerty, v.p.-BRIntec Systems Corp. & pres.-General Circuits Division; Bruce W. Gardner, v.p.-BRIntec Systems Corp. & pres.-Brand-Rex Telecommunications Systems Div; George C. Graeber, v.p.-BRIntec Systems Corp. & pres.-Brand-Rex Cable Systems Division; Philip R. Nack, v.p.-BRIntec Systems Corp. & pres.-Abbott Division.

Directors: Peter Petruchik, R. Guy Boyle, Karl E. Lutz, Donald M. Roberts, David F. Thomas, Thomas J. Troup, Walter B. Wriston.

Areas of Work: Designs and manufactures electronic and electrical interconnection components, devices and systems, including standard and specialty cabling systems, electrical connectors used in hostile environments, multilayer and two-sided circuit boards and flexible circuits.

Divisions and Subsidiaries:

Cabling Products Group

Abbott
1611 Cascade Drive
Marion, Ohio 43302
(614) 382-8212
Electric cable assemblies, cord sets, power cords, molded plugs and inserts.

Brand-Rex Cable Systems
1600 West Main Street
Willimantic, Connecticut 06226
(203) 456-8000

90 Progress Drive
Manchester, Connecticut 06040
(203) 643-2435
Standard and specialty flat, signal transmission, coaxial fiberoptic and power wire, cable and cable assemblies for electrical and electronic applications, extruded insulation materials.

Brand-Rex Ltd.
Viewfield Industrial Estate
Glenrothes, Fife KY6 2RS Scotland
Standard and specialty flat, signal transmission, coaxial fiberoptic and power wire, cable and cable assemblies for electrical and electronic applications.

Brand-Rex Telecommunications Systems
1600 West Main Street
Willimantic, Connecticut 06226-1128
(203) 456-1706

P.O. Box 160
Siloam Springs, Arkansas 72761
(501) 524-6161

100 South Clay Street
Marion, North Carolina 28752
(704) 652-5800

Brand-Rex Fiberoptic Equipment & Services
910 Boston Turnpike Road
Shrewsbury, Massachusetts 01545
(617) 842-7300
Inside and outside plant telephone wire and cable products; adapters, plugs and accessories; undercarpet telephone and data cable; fiberoptic cable, equipment and services; interconnection cable assemblies.

Teltronics
5105 New Tampa Highway
Lakeland, Florida 33801
(813) 688-6831
Specialized electronic subsystems and equipment for telephony; customer premise and central office equipment and call accounting systems.

Connector Products Group

Pyle-National
1334 North Kostner Avenue
Chicago, Illinois 60651
(312) 342-6300

Pyle-National of Canada, Ltd.
2560 South Sheridan Way
Mississauga, Ontario L5J 2M9 Canada
(416) 822-3710

Pyle-National Ltd.
Sherbrook Road
Daybrook, Nottingham NG5 6AT England

Compagnie Pyle-National
18 Avenue de la Jonchere, Elysee 2
La Celle St. Cloud 78170 France

General Connector
45 Fourth Avenue
Waltham, Massachusetts 02154
(617) 890-0098
Military and industrial power, control, communications and electronic connectors; interconnect systems for hostile environments; miniature and subminiature, hermetically sealed, heavy-duty connectors; high density circular and modular linear connectors.

Garry Screw Machine
1010 Jersey Avenue
New Brunswick, New Jersey 08902
(201) 545-2424

Electronics S.A. Iserables
1914 Iserables
Switzerland

Decolletage S.A. Saint-Maurice
1890 Saint-Maurice
Switzerland
Precision Swiss screw-machine contacts and parts; electronic packaging assemblies.

Garry Electronics
9 Queen Anne Court
Langhorne, Pennsylvania 19047
(215) 949-2300
Precision contacts; electronic packaging systems; molded circuits; sockets; headers, adpaters; pluggable boards; computer-aided design; vertical integration packaging; backplane wiring services.

General Circuits
95 Mt. Read Boulevard
Rochester, New York 14611
(716) 235-2880
High-density multi-layer, flexible, double-sided and metal core printed circuit boards; electronic packaging systems.

BRIntec Systems GmbH

Karl Lotter Prazisionsteile GmbH
Sesselbahnstrasse 7
8959 Halblech 1/Orsteil Buching, West Germany

Micro-parts Electronic GmbH
Sesselbahnstrasse 7
8959 Halblech 1/Orsteil Buching, West Germany
Precision contacts, sockets and I.C. plug-in connection devices; tooling and automated assembly equipment.

BRIntec Systems Corporation

Transfer Agent(s):

The Connecticut Bank and Trust Company, N.A.
Stock Transfer Department
One Constitution Plaza
Hartford, Connecticut 06115-1600

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BRIX (NASDAQ)

Number of Employees:

1987 .... 4,000 1986 4,400

Plant Footage:

1987 ...... 1,658,900 sq. ft. 1986 1,750,200

Sales & Earnings

	Net Sales +	Net Income †
1987	$ 293,659,000	$ (1,135,000)
1986	283,512,000	12,710,000
1985	265,459,000	11,772,000
1984	241,875,000	8,050,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1987	12,000,000	$ —
1986	12,000,000	1.05
1985	10,384,000	1.10
1984	10,000,000	0.76

+ Of continuing operations only.
† Including extraordinary gain of $955,000 ($0.08 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

BRIntec Corporation

Revenues by Line of Business

	1987	1986
Cabling products	$ 207,500,000	$ 196,600,000
Connector products	86,200,000	86,900,000
Total	$ 293,700,000	$ 283,500,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 58,918,000	$ 4.91
1986	54,674,000	4.56
1985	40,651,000	3.91
1984	4,973,000	0.50

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 293,659	$ 283,512
Cost of sales	230,311	212,314
Expenses	41,192	39,991
Depreciation	6,502	5,517
Restruc. costs	4,000	—
Interest expense	5,386	5,625
Gain from litigation settle.	(1,800)	—
Other expense (income)	(358)	416
Income before taxes	$ 8,426	$ 19,649
Income taxes	2,514	7,533
Inc. - cont. oper.	$ 5,912	$ 12,116
Loss - discont. oper.	(7,047)	(361)
Net Income (Loss)	$ (1,135)	$ 11,755
Extraord. gain	—	955
Net Income (Loss) & extraord. gain	$ (1,135)	$ 12,710

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 15,267	$ 12,969
Accts. receiv., net	39,949	40,777
*Inventories	78,508	73,580
Prepaid expenses	1,611	1,759
Net assets held for dispos.	9,293	—
Current Assets	$ 144,628	$ 129,085
#Fixed assets	50,443	55,512
Other assets	5,094	5,633
Total Assets	$ 200,165	$ 190,230

Liabilities
(000's)

	1987	1986
Long-term debt, curr.	$ 9	$ 10
Accts. payable	11,524	14,355
Accruals	22,802	19,811
Income taxes	5,255	4,330
Curr. Liabilities	$ 39,590	$ 38,506
Long-term debt	89,430	81,370
Deferred inc. taxes	12,110	15,295
Redeem. preferred stock	117	385
+ Common stock	120	120
Add. paid-in capital	22,997	22,997
For. curr. trans. adjust.	8,192	2,791
Retained earnings	27,609	28,766
Total Liabilities & Shareholders' Equity	$ 200,165	$ 190,230

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	—	21.50
Sales to Inventories	3.74	3.85
Debt to Equity	1.52	1.49
Working Capital	$ 105,038,000	$ 90,579,000
Current Ratio	3.65	3.35
Shareholders' Equity	$ 58,918,000	$ 54,674,000

Brunswick Corporation

One Brunswick Plaza
Skokie, Illinois 60077
(312) 470-4700

Officers: Jack F. Reichert, chairman, president & chief exec. officer; William R. McManaman, v.p.-finance; John M. Charvat, vice president; Thomas R. Weigt, v.p.; Jack S. Singleton, vice president; Frederick J. Florjancic, Jr., v.p.; Thomas W. Erwin, controller; Robert T. McNaney, general counsel; Dianne M. Yaconetti, v.p.-administration & corp. secretary; Richard S. O'Brien, treasurer; Michael D. Schmitz, asst. secretary; Edgar Vanneman, Jr., asst. secretary; Judith P. Zelisko, asst. v.p.; Roy T. Montgomery, asst. general counsel.

Directors: Jack F. Reichert, chairman; K. Brooks Abernathy, Sidney Davidson, Leo Herzel, Richard J. Jordan, George D. Kennedy, Bernd K. Koken, Jay W. Lorsch, Charles P. Neidig, Robert N. Rasmus, Cornelius N. Ray, Pierre A. Rinfret, Eugene F. Tighe, Jr..

Areas of Work: The Company's operations involved three industry segments: Marine, Recreation, and Technical.

Divisions:

Technical

Defense Division
Skokie, Illinois
Products and services include radomes, motor cases and pressure vessels, portable shelter systems, camouflage, fire detection systems, chemical warfare agent detection alarms, honeycomb metal bonded structures, launch and weapon systems, tactical aircraft decoy systems, protective gloves, composite components for helicopters and fixed-wing aircraft.

Technetics Division
Deland, Florida
Products and services include jet engine seals and other high technology metal fiber products, metal injection molding systems, specialty materials and parts manufacture, shutoff, gate, check and relief valves, gold club shafts, and other tubular products.

Industrial Products Division
Houston, Texas
Door-opening systems, fare collection devices, climate control systems, air conditioning and heating systems, electromechanical relays, electronic speed indicating control and recording systems, steam generators, electric boilers, ball, gate, globe, plug, check, safety and relief valves, chemical injector pumps, liquid inventory management systems, process control products, tank gauging and fittings, and linear and rotary actuators.

Marine

Mercury Marine Division
Fond du Lac, Wisconsin
Mercury and Mariner outboard motors and MerCruiser stern drives and inboard engines for pleasure boating and commercial applications; Quicksilver marine parts and accessories; fiberglass and aluminum powerboats.

Bayliner-U.S. Marine Division
Arlington, Washington
Bayliner fiberglass pleasure boats from 15 to 45 feet in length. Arriva luxury pleasure boats, 17 to 21 feet; Blue Fin aluminium boats from 13 to 19 feet; Maxum upscale luxury fiberglass boats from 17 to 20 feet; U.S. Marine Power's gas and diesel inboard motors and Force outboard motors; and Escort boat trailers.

Sea Ray Division
Knoxville, Tennessee
Sea Ray stern drive and diesel inboard powered fiberglass pleasure boats from 16 to 50 feet in length.

Recreation

Zebco Division
Tulsa, Oklahoma
Fishing reels, rods, reel-rod combinations, electric trolling motors and sportfishing accessories.

Brunswick Division
Muskegon, Michigan
Bowling lanes, automatic pinsetters, computerized scoring equipment and business systems, ball returns, seating and locker units, bowling pins, balls, bags and shoes, billiard tables.

Brunswick Recreation Centers Division
Skokie, Illinois
Operates company-owned bowling centers and provides management services for independent bowling center proprietors.

Transfer Agent(s):

Brunswick Corporation
Skokie, Illinois

Stock Exchange(s): New York, Midwest, Pacific, London and Tokyo

Ticker Symbol: BC

Number of Employees:

1988	28,500	1986	26,800
1987	28,400	1985	18,700

Sales & Earnings

	Net Sales	Net Income
1988	$ 3,282,000,000	$ 193,100,000
1987	3,086,400,000	168,800,000
1986	1,717,400,000	110,300,000
1985	1,538,500,000	100,300,000
1984	1,468,100,000	94,200,000

	No. of Com. Shares †	Earn. per Share ‡
1988	86,600,000	$ 2.20
1987	89,200,000	1.90
1986	88,500,000	1.32
1985	84,000,000	1.17
1984	85,800,000	1.11

† Adjusted to reflect stock splits.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business
(000's)

	1988	1987
Marine	$ 2,449,000	$ 2,227,300
Recreation prods.	368,900	351,700
Technical	464,100	507,400
Total	$ 3,282,000	$ 3,086,400

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.420	—	—
1987	0.315	—	
1986	0.285	—	—
1985	0.2575	—	2-for-1
1984	0.20	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 949,800,000	$ 10.97
1987	848,900,000	9.52
1986	690,800,000	7.80
1985	523,200,000	6.23
1984	460,800,000	5.38

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 3,282,000	$ 3,086,400
Cost of sales	2,418,300	2,227,700
Expenses	555,900	519,000
Interest expense	40,500	46,600
Interest income	(7,200)	(9,500)
Gain on disposition	(42,000)	—
Income before taxes	$ 316,500	$ 302,600
Income taxes	123,400	133,800
Net Income	$ 193,100	$ 168,800

* Included in Costs and Expenses, Depreciation and Amortization: $147,900,000 in 1988 and $137,100,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 31,600	$ 3,100
Accts. receiv., net	184,900	206,500
*Inventories	462,300	383,800
Prepaid inc. taxes	82,600	48,700
Prepaid expenses	25,400	23,200
Current Assets	$ 786,800	$ 665,300
#Fixed assets	630,500	531,900
Other assets	674,700	699,100
Total Assets	$ 2,092,000	$ 1,896,300

Liabilities
(000's)

	1988	1987
Short-term debt	$ 7,400	$ 2,400
Accts. payable	202,700	201,400
Accruals	327,900	283,100
Income taxes	15,900	18,600
Curr. Liabilities	$ 553,900	$ 505,500
Long-term debt	413,300	395,400
Deferred pensions	18,800	17,800
Deferred income	28,200	25,700
Deferred inc. taxes	128,000	103,000
+Common stock	70,600	70,600
Add. paid-in capital	140,500	132,200
Unearned portion of restricted stock	(9,900)	(8,200)
Retained earnings	865,900	709,400
Cum. trans. adjust.	9,600	6,900
Treasury stock	(126,900)	(62,000)
Total Liabilities & Shareholders' Equity	$ 2,092,000	$ 1,896,300

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $0.75 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	9.64	9.80
%Net Income to Sales	5.88	5.47
%Net Income to Equity	20.33	19.88
Sales to Inventories	7.10	8.04
Debt to Equity	0.44	0.47
Working Capital	$ 232,900,000	$ 159,800,000
Current Ratio	1.42	1.32
Shareholders' Equity	$ 949,800,000	$ 848,900,000

Buck Engineering Co., Inc.

P.O. Box 686
Farmingdale, New Jersey 07727
(201) 938-2000

Officers: Peter M. Schluter, president & chief executive officer; Charles H. Bond, v.p., secretary & treasurer; Shirley L. Barrett, asst. secretary.

Directors: Raymond A. Bowers, David T. Buck, Garrett B. Hunter, E. A. Savinelli, Charles H. Bond, Kenneth D. Roberts, James R. Greene, Peter M. Schluter.

Areas of Work: Primarily manufactures and markets educational equipment and knowledge tranfer systems used in teaching industrial training facilities and vocational, technical and multi-level schools and colleges. Also designs, manufactures and markets engine analysis equipment for the transportation and related energy industries.

Divisions and Subsidiaries:

Lab-Volt Systems
P.O. Box 686
Farmingdale, New Jersey 07727
(201) 938-2000

Lab-Volt Limited
4555 Metropolitaine
Suite 102
Montreal, Quebec H1R 1Z4, Canada
(514) 725-9552

Lab-Volt (Quebec) Limited
2120 Lavoisier Street
Ste. Foy, Quebec G1N 4B1 Canada
(418) 681-6346

Graymark International, Inc.
Santa Ana, California

Technical Systems, Inc.
Minneapolis, Minnesota

Quintech Division
Belleville, Ontario, Canada

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BUCK (NASDAQ)

Number of Employees:

1988	322	1985	378
1987	336	1984	340
1986	334		

Sales & Earnings

	Net Sales +	Net Income
1988	$ 26,068,000	$ (991,417)
1987	22,810,000	24,744
1986	23,485,000	232,066
1985	22,946,000	883,636
1984	18,435,000	844,425

	No. of Com. Shares #	Earn. per Share #
1988	506,750	$ —
1987	488,664	0.05
1986	499,151	0.46
1985	496,023	1.78
1984	519,411	1.63

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 5,990,233	$ 11.80
1987	6,805,932	13.45
1986	6,531,574	13.49
1985	6,275,855	12.97
1984	5,485,798	11.33

Income Account*

Year ended Dec. 31	1988	1987
Net sales	$ 26,068,264	$ 22,810,689
Cost of sales	17,735,073	13,767,214
Expenses	9,346,372	8,561,272
Interest expense	814,748	399,435
Amortization of goodwill	7,240	11,883
For. curr. trans.	(384,450)	103,010
Interest income	—	(12,290)
Other expense (income)	6,491	(1,821)
Loss before taxes	$ (1,457,210)	$ (18,014)
Tax credit	(590,000)	(10,000)
Loss - cont. oper.	$ (867,210)	$ (8,014)
Inc. (loss) - discont. oper.	(124,207)	32,758
Net Income (Loss)	$ (991,417)	$ 24,744

* Included in Costs and Expenses, Depreciation and Amortization: $282,033 in 1988 and $274,172 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & invest.	$ 245,788	$ 299,719
Accts. receiv., net	10,399,801	7,435,160
*Inventories	7,944,553	6,735,986
Prepaid expenses	171,080	90,278
Refund. inc. taxes	347,474	—
Current Assets	$ 19,108,696	$ 14,561,143
#Fixed assets	1,862,486	1,916,992
Value of life insur.	432,552	419,504
Land held for invest.	346,074	343,784
Goodwill	195,480	249,600
Other assets	13,163	56,086
Total Assets	$ 21,958,451	$ 17,547,109

Liabilities

	1988	1987
Short-term borrowing	$ 4,207,300	$ 3,300,000
Long-term debt, curr.	327,528	160,166
Accts. payable & accruals	5,713,106	4,592,438
Accrued inc. taxes	127,208	208,596
Curr. Liabilities	$ 10,375,142	$ 8,261,200
Long-term debt	5,410,025	2,220,464
Deferred inc. taxes	183,051	259,513
+Common stock	607,790	606,040
Add. paid-in capital	567,303	555,055
Retained earnings	5,742,034	6,733,451
Foreign curr. trans.	54,164	(107,556)
Treasury stock	(981,058)	(981,058)
Total Liabilities & Shareholders' Equity	$ 21,958,451	$ 17,547,109

* At lower of cost (principally LIFO) or market. Canadian subsidiaries at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1988	1987
%Net Income to Equity	—	0.36
Sales to Inventories	3.28	3.39
Debt to Equity	1.66	0.83
Working Capital	$ 8,733,554	$ 6,299,943
Current Ratio	1.84	1.76
Shareholders' Equity	$ 5,990,233	$ 6,805,932

Bulova Corporation

(formerly Bulova Watch Company, Inc.; 95% owned by Loews Corporation)

One Bulova Avenue
Woodside, New York 11377-7874
(718) 204-3300

Officers: Harry B. Henshel, chairman of the board; Andrew H. Tisch, president; Herbert C. Hofmann, chief operating officer; Lawrence F. Codraro, v.p., secretary & general counsel; James S. Waterwash, v.p. & pres.-Bulova Systems and Instruments Corporation; Paul S. Sayegh, executive v.p.; Thomas P. Hickerson, v.p. & controller.

Directors: Harry B. Henshel, chairman; Herbert C. Hofmann, Andrew H. Tisch, Laurence A. Tisch, Preston R. Tisch.

Areas of Work: Manufactures and sells, throughout the world, watches and clocks for consumer use, and sells power cells and watch parts to the trade. Also sells nonconsumer products for defense and industrial use, including timing and similar devices.

Divisions:

Consumer Products-Domestic
Technical Sales & Services
Consumer Products-International

Industrial/Defense Divisions:
Systems and Instruments
Providence Division

Subsidiaries:

Bulova Watch Company Limited
Bulova Systems & Instruments Corporation

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	1,400	1986	N.A.
1987	1,450	1985	1,650

N.A. - Not Available.

Plant Footage:

1988	302,800 sq. ft.	1987	302,800 sq. ft.

Sales & Earnings

	Net Sales	Net Income †
1988	$ 153,913,000	$ 1,098,000
1987	155,356,000	8,557,000
1986	173,914,000	15,572,000
1985	147,819,000	16,649,000
1984	147,870,000	7,238,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	4,599,000	$ 0.24
1987	4,599,000	1.86
1986	4,599,000	3.39
1985	4,599,000	4.27
1984	4,599,000	1.57

† Including extraordinary gains of $1,038,000 ($0.23 per share) in 1988, $491,000 ($0.11 per share) in 1987, $4,017,000 ($0.88 per share) in 1986, $1,756,000 ($0.38 per share) in 1985 and $3,095,000 ($0.67 per share) in 1984.
‡ Based on the weighted average number of shares outstanding.

Revenues by Line of Business

	1988	1987
Consumer	$ 105,309,000	$ 91,246,000
Industrial & defense	47,882,000	60,889,000
Corporate	722,000	3,221,000
Total	$ 153,913,000	$ 155,356,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 81,630,000	$ 17.75
1987	79,410,000	17.27
1986	70,293,000	15.28
1985	52,550,000	11.43
1984	33,133,000	7.20

‡ Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 153,913	$ 155,356
Cost of sales	106,927	107,071
Expenses	41,652	39,305
Interest expense	1,115	1,606
Interest to affiliates	558	99
Gain from asset disposition	(865)	(3,163)
Inc. bef. taxes	$ 4,526	$ 10,438
Income taxes	4,466	2,372
Net Income	$ 60	$ 8,066
Extraord. gain	1,038	491
Net Income & extraord. gain	$ 1,098	$ 8,557

* Included in Costs and Expenses, Depreciation and Amortization: $1,689,000 in 1988 and $1,296,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 4,912	$ 5,082
Receivables, net	57,463	57,509
*Inventories	38,632	39,351
Prepaid expenses	1,031	3,893
Current Assets	$ 102,038	$ 105,835
# Fixed assets	22,027	21,428
Other assets	4,886	4,769
Total Assets	$ 128,951	$ 132,032

Liabilities
(000's)

	1988	1987
Notes payable	$ 899	$ 2,477
Long-term debt, curr.	1,401	2,641
Accts. payable	5,719	5,349
Accrued payroll	3,540	3,217
Accrued pension	1,743	1,592
Other accruals	7,272	5,161
Income taxes	748	2,535
Curr. Liabilities	$ 21,322	$ 22,972
Long-term debt:		
6% Conv. subord. deb.	2,277	4,377
Oblig. under cap. lease	2,600	3,000
Other liabilities	11,122	12,273
Debt to affiliate	10,000	10,000
+Common stock	22,998	22,998
Add. paid-in capital	23,046	23,046
Retained earnings	34,339	33,241
Cum. trans. adjust.	1,252	130
Treasury stock	(5)	(5)
Total Liabilities & Shareholders' Equity	$ 128,951	$ 132,032

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.39	6.72
%Net Income to Sales	0.06	5.19
%Net Income to Equity	0.07	10.16
Sales to Inventories	2.67	3.95
Debt to Equity	0.09	0.16
Working Capital	$ 80,716,000	$ 82,863,000
Current Ratio	4.79	4.61
Shareholders' Equity	$ 81,630,000	$ 79,410,000

Bunting, Inc.

46 Beatrice Street
P.O. Box 4114
Bridgeport, Connecticut 06607
(203) 384-0081

Officers: Lee Bunting, chairman of the board & chief exec. officer; James T. Ragan, president; Richard E. Bunting, v.p. & gen. mgr.; John D. Larounis, v.p.-marketing & sales; F. J. Angelone, chief financial officer & treasurer; Robert Larkin, v.p.-manufacturing; Reid Larson, pres.-Midwest; Gladys Brownrigg, asst. treasurer; Dorothy DeFerrari, secretary.

Directors: Lee Bunting, chairman; Richard E. Bunting, Brose Bunting, James T. Ragan, Joseph V. Quarles.

Areas of Work: Engaged in the assembling and marketing, through distributors and direct sales personnel, of various audio, visual and electronic communications systems and television viewing systems for use in hospitals, hotels and motels. A subsidiary, Midwest International, Inc., assembles and places coin-operated television chairs in mass transportation terminals.

Subsidiary:

Midwest International, Inc.
650 Wilmington Avenue
Salt Lake City, Utah 84106

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	115	1985	131
1986	145		

Sales & Earnings

	Net Sales	Net Income
1987	$ 5,989,000	$ (930,000)
1986	6,917,000	(958,156)
1985	8,794,197	432,010
1984	7,541,642	420,265
1983	6,799,877	277,196

	No. of Com. Shares †	Earn. per Share †
1987	2,154,427	$ —
1986	2,137,178	—
1985	2,133,651	0.20
1984	2,187,261	0.19
1983	2,282,451	0.12

(Loss)
† Based on the average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	10%	3-for-2
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share †
1987	$ 2,543,000	$ 1.18
1986	3,455,166	1.62
1985	4,411,321	2.07
1984	3,970,646	1.82
1983	3,724,558	1.63

† Based on the average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 5,989,000	$ 6,917,921
Other income	1,853,000	2,166,013
Total Income	$ 7,842,000	$ 9,083,934
Cost of sales	5,950,000	7,190,898
Expenses	2,912,000	3,338,662
Prov. for doubtful accts.	(68,000)	196,001
Interest expense	81,000	25,626
Loss bef. taxes	$ (1,033,000)	$ (1,667,253)
Tax credit	(103,000)	(709,097)
Net Loss	$ (930,000)	$ (958,156)

* Included in Cost and Expenses, Depreciation and Amortization: $305,000 in 1987 and $368,277 in 1986.

Assets

As of Dec. 31		
Cash & invest.	$ 333,000	$ 250,500
Accts. receiv., net	1,681,000	1,258,559
*Inventories	2,648,000	2,506,718
Prepaid expenses	140,000	126,884
Deferred inc. taxes	—	155,000
Current Assets	$ 4,764,000	$ 4,298,001
Installment accts. receiv.	108,000	183,214
# Fixed assets	578,000	696,384
Other assets	25,000	18,532
Equip. leased to others	172,000	242,401
Total Assets	$ 5,647,000	$ 5,438,532

Liabilities

Note payable	$ 1,637,000	$ 350,000
Long-term debt, curr.	15,000	11,691
Accts. payable	975,000	405,470
Accrued commissions	433,000	262,908
Cust. adv. pay.	—	502,385
Income taxes	20,000	73,154
Billings in excess of costs	—	104,749
Curr. Liabilities	$ 3,080,000	$ 1,710,357
Long-term debt	24,000	24,387
Deferred inc. taxes	—	248,622
+Common stock	23,000	22,989
Add. paid-in capital	2,361,000	2,361,491
Retained earnings	323,000	1,252,577
Treasury stock	(164,000)	(181,891)
Total Liabilities & Shareholders' Equity	$ 5,647,000	$ 5,438,532

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Debt to Equity	0.66	0.11
Working Capital	$ 1,684,000	$ 2,587,644
Current Ratio	1.55	2.51
Shareholders' Equity	$ 2,543,000	$ 3,455,166

Burndy Corporation

(Acquired by Framatome S.A., Paris, France on January 10, 1989.)

P.O. Box 5200
Richards Avenue
Norwalk, Connecticut 06856
(203) 838-4444

Officers: David Dibner, chairman of the board; Theodore York, president; Stanley J. A is, v.p. & chief financial officer; Ernest Fanwick, v.p., secretary & general counsel; Donald F. Keating, v.p.-human resources; Ramon V. Nicholl, v.p.-management systems and services; Alan H. Peltz, treasurer; Thomas H. Pluff, group v.p.; William M. Nuckols, group v.p.; Robert J. Verhoeven, group v.p.; John R. Rauser, controller.

Directors: David Dibner, chairman; George M. Szabad, Carlyle F. Barnes, John P. Horgan, Paul Kolton, J. E. Goldman, Richard C. Farley, Billy C. Christensen, Theodore C. York, Gordon F. McClure, William F. Andrews.

Areas of Work: The Company designs, manufactures and sells electrical and electronic connectors and related products. Products range from microminiature components for use in sophisticated electronic equipment to very large electrical connectors used by utilities in the generation, transmission and distribution of electric power. Most sales are made to original equipment manufacturers.

Subsidiaries:

Burndy Electra N.V.
Antvon Spinoystraat, 8
Mechelen, Belgium

Burndy Services Limited
St. Albans, England

Burndy do Brasil Conetores Ltda.
Estrada do Guarapirange, 2,400
Caixa Postal 30806
Sao Paulo 1, Brazil

Burndy Mexico, S.A. de C.V.
Calle del Rio No. 12
Naucalpan de Juarez, Estado de Mexico

Burndy-Japan Ltd. (affiliate)
9th Floor, T.O.C. Bldg.
22-17, 7-chome Nishigotanda
Sinagawa-Ku, Tokyo-141, Japan

Burndy Electra SpA
Strada del Francese 137
C.P. 130 Ferrovia
10100, Torino, Italy

Burndy Espanola, S.A.
Calle Vilamari 81
Barcelona 15, Spain

Burndy S.A.
39-41 rue Amilcar Cipriani
93-St. Ouen, France

Burndy Scandinavia A.B.
Stockholm, Sweden

Burndy Nederland B.V.
Delftsevaart 26
Rotterdam, Netherlands

Burndy Inc.
Canada

Burndy (FSC) Inc.
U.S. Virgin Islands

Burndy International Inc.
Burndy Export Sales Corp.

Husky Products, Inc.
Kentucky

Caribbean Electronics Limited
Bermuda

Number of Employees:

1987	4,063	1984	4,350
1986	3,834	1983	4,000
1985	3,828		

Sales & Earnings

	Net Sales	Net Income
1987	$ 283,949,000	$ 11,608,000
1986	241,038,000	9,490,000
1985	217,780,000	(9,061,000)
1984	232,380,000	12,763,000
1983	211,509,000	12,040,000

	No. of Com. Shares +	Earn. per Share +
1987	12,165,000	$ 0.95
1986	12,028,000	0.79
1985	12,001,000	—
1984	11,978,000	1.07
1983	11,967,000	1.01

(Loss)
+ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	
1985	0.64	—	—
1984	0.84	—	—
1983	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 162,120,000	$ 13.33
1986	136,757,000	11.37
1985	119,408,000	9.95
1984	131,354,000	10.97
1983	131,554,000	10.99

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 283,949,000	$ 241,038,000
Cost of sales	185,732,000	160,545,000
Expenses	73,169,000	60,030,000
Interest expense	9,319,000	6,840,000
Other income	(2,079,000)	(5,364,000)
Income bef. taxes	$ 17,808,000	$ 18,987,000
Income taxes	6,200,000	9,497,000
Net Income	$ 11,608,000	$ 9,490,000

* Included in Costs and Expenses, Depreciation and Amortization: $13,784,000 in 1987 and $14,249,000 in 1986.

Burndy Corporation

Assets

As of Dec. 31	1987	1986
Cash	$ 21,030,000	$ 17,077,000
Accts. receiv., net	68,253,000	57,706,000
*Inventories	76,948,000	69,619,000
Prepaid expenses	10,201,000	10,470,000
Current Assets	$ 176,432,000	$ 154,872,000
Investments	13,930,000	10,277,000
#Fixed assets	72,882,000	67,941,000
Other assets	8,496,000	5,726,000
Intangibles	453,000	964,000
Total Assets	$ 272,193,000	$ 239,780,000

Liabilities

Notes payable	$ 21,181,000	$ 22,248,000
Long-term debt, curr.	1,079,000	1,575,000
Accts. payable & accruals	33,006,000	25,674,000
Accrued payroll	8,187,000	8,542,000
Income taxes	2,547,000	453,000
Curr. Liabilities	$ 66,000,000	$ 58,492,000
Long-term debt	33,050,000	34,210,000
Deferred inc. taxes	9,186,000	9,467,000
Deferred retirement	1,837,000	854,000
+Common stock	13,136,000	13,136,000
Add. paid-in capital	6,974,000	6,451,000
Retained earnings	146,772,000	135,164,000
Cumulative translation adjustments	11,325,000	(639,000)
Treasury stock	(16,087,000)	(17,355,000)
Total Liabilities & Shareholders' Equity	$ 272,193,000	$ 239,780,000

* At lower of cost (LIFO) or market; foreign at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.27	7.84
%Net Income to Sales	4.09	3.92
%Net Income to Equity	7.16	6.94
Sales to Inventories	3.69	3.48
Debt to Equity	0.34	0.25
Working Capital	$ 110,432,000	$ 98,790,000
Current Ratio	2.67	2.69
Shareholders' Equity	$ 162,120,000	$ 136,757,000

Butler National Corporation

8246 Nieman Road
Lenexa, Kansas 66214
(913) 888-8585

Officers: Gerald R. Smith, chairman & chief executive officer; John R. Dixon, president & chief operating officer; R.J. Fitzgerald, general counsel & secretary; Jack Graham, v.p.-aircraft modifications; John M. Brennan, v.p. & chief financial officer.

Directors: Gerald R. Smith, chairman; John R. Dixon, Albert Sidun, Randall W. Wagoner.

Areas of Work: Manufactures and markets airborne switching units. Also modifies aircraft, and services and monitors water treatment facilities.

Subsidiaries:

Avcon Industries, Inc.
P.O. Box 748, Building J
City County Airport
Newton, Kansas 67114

Butler National Services Company
(formerly Lauderdale Services, Inc.)
2772 N.W. 31st Street
Ft. Lauderdale, Florida 33311
(305) 733-7511

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
7th & Marquette
Minneapolis, Minnesota 55401

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BUTL (NASDAQ)

Number of Employees:

1988	95	1985	95
1987	97	1984	99
1986	84		

Plant Footage:

1988	23,935 sq. ft.	1985	23,935
1987	23,935	1984	23,935
1986	23,935		

Sales & Earnings x

	Net Sales †	Net Income +
1988	$ 5,864,000	$ 642,000
1987	4,803,000	(907,000)
1988	$ 1,954,780	$ 0.53
1986	4,061,000	(348,000)
1985	2,819,000	259,000

	No. of Com. Shares #	Earn. Per Share # +
1988	3,669,694	$ 0.17
1987	3,654,596	—
1986	3,528,012	—
1985	N.A.	0.07
1984	N.A.	0.11

(Loss)
N.A.- Not Available.
x Restated to include operations of HSD, Inc., acquired on a pooling of interests basis.
† Of continuing operations only.
+ Including extraordinary credits of $233,000 ($0.06 per share) in 1988 and $143,000 ($0.05 per share) in 1984.
# Based on the weighted average number of shares outstanding.

Revenues by Line of Business

	1988	1987
Avionics	$ 1,172,645	$ 1,505,372
Monitoring services	1,063,737	1,079,595
Aircraft modification	2,555,057	1,523,677
Engineering services	1,072,746	694,062
Total	$ 5,864,185	$ 4,802,706

Common Stock Equity x

	Total Equity	Equity Per Share #
1988	$ 1,954,780	$ 0.53
1987	1,307,077	0.36
1986	2,187,454	0.62
1985	2,514,741	—

x Restated.
# Based on the weighted average number of shares outstanding.

Income Account *

Year ended April 30	1988	1987 ‡
Net sales	$ 5,864,185	$ 4,802,706
Cost of sales	3,742,830	2,863,777
Expenses	1,474,099	1,478,048
Interest expense	149,665	121,685
Interest income	(47,754)	(45,798)
Gain on sale - prod.line	(62,183)	—
Other income	(34,406)	—
Income before taxes	$ 641,934	$ 384,994
Income taxes	233,000	174,673
Inc.-cont. oper.	$ 408,934	$ 210,321
Loss-discont. oper.	—	(1,117,663)
Net Income (Loss)	$ 408,934	$ (907,342)
Extraord. credit	233,000	—
Net Income (Loss) & extraord. credit	$ 641,934	$ (907,342)

‡ Restated.
* Included in Costs and Expenses, Depreciation: $165,435 in 1988 and $80,918 in [illegible]87.

Assets

As of April 30	1988	1987 ‡
Cash	$ 19,078	$ 32,089
Accts. receiv., net	832,939	1,111,854
Contracts receivable	29[illegible],416	199,252
Notes receiv.	240,463	60,328
* Inventories	468,880	448,066
Assets - discont. oper.	738,873	1,972,979
Prepaid expenses	20,412	32,893
Current Assets	$ 2,619,061	$ 3,857,461
Note receivable	214,331	210,472
Assets - discont. oper	351,666	519,121
Receiv. from officer	60,002	68,802
# Fixed assets	1,057,163	692,468
Other assets	33,395	39,497
Total Assets	$ 4,335,618	$ 5,387,821

Liabilities

Notes payable, curr.	$ 107,461	$ 95,179
Accounts payable	361,179	669,508
Customer advances	98,000	—
Accruals	334,522	750,431
Customer deposits	679,157	—
Curr. Liabilities	$ 1,580,319	$ 1,515,118
Bank notes	669,843	2,306,000
Notes payable	93,731	209,862
Deferred comp.	36,945	49,764
+ Common stock	367,849	366,419
Add. paid-in capital	9,472,911	9,468,572
Deficit	(7,885,980)	(8,527,914)
Total Liabilities & Shareholders' Equity	$ 4,335,618	$ 5,387,821

‡ Restated.
* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	10.95	—
% Net Income to Sales	6.97	—
% Net Income to Equity	20.92	—
Sales to Inventories	12.51	10.72
Debt to Equity	0.45	2.00
Working Capital	$ 1,038,742	$ 2,342,343
Current Ratio	1.66	2.55
Shareholders' Equity	$ 1,954,780	$ 1,307,077

CAE Industries Ltd.

Suite 3060, P.O. Box 30
Royal Bank Plaza
Toronto, Ontario M5J 2J1, Canada
(416) 865-0700

Officers: R. Fraser Elliott, chairman of the board; C. Douglas Reekie, vice chairman; David H. Race, president & chief executive officer; John E. Caldwell, v.p.-finance and secretary; John G. Mackay, v.p.-operations; Frederick C. Fraser, v.p.-corp. relations; David A. Lazzarato, controller & asst. secretary; David L. Adams, treasurer.

CAE Industries Ltd.

Directors: R. Fraser Elliott, chairman; C. Douglas Reekie, P.L.P. Macdonnell, G. Drummond Birks, Pierre Cote, Ward C. Pitfield, E. Jacques Courtois, J.D. Creighton, J.W. McCutcheon, Michael M. Koerner, D.H. Race, F.C. Wilkinson.

Areas of Work: CAE Industries Ltd. is a Canadian-owned holding and management company with operating divisions across Canada, in the U.S. and in West Germany. These divisions are engaged in electronics, aviation, and industrial products manufacturing and services for a wide variety of industries, with an emphasis on simulation and training services.

Subsidiaries:

CAE Machinery Ltd.
3550 East Broadway
Vancouver, B.C., Canada
(604) 299-3431

Engineered products, including bandmills, log carriages, edger optimizers, chippers, chip screens, disc waferizers and resin blending equipment, pulp and paper equipment refurbishing, ferrous metal castings.

USP Industries Inc.
72 Queen Street
Lennoxville, Quebec, Canada
(814) 562-4754

Perforated, drilled and slotted stainless steel screen plates and baskets, chrome and nickel plating.

Northwest Industries Limited
Industrial Airport
P.O. Box 517
Edmonton, Alberta, Canada
(403) 455-3161

Aircraft inspection, maintenance, overhaul, modification, repair and technical support; technical publications.

Canadian Bronze Company Limited
15 Bury Street
Winnipeg, Manitoba, Canada
(204) 786-6821

Journal and diesel locomotive suspension bearings, diesel cylinder liner replating, axle plating and machining, wheel set maintenance and reconditioning, aluminium and bronze castings.

CAE Electronics Ltd.
8585 Cote de Liesse Road
St. Laurent 377
Montreal, Quebec, Canada
(514) 341-6780

Commercial and military aircraft and helicopter flight simulators, energy management systems, nuclear power plant control systems and simulators, shipboard propulsion machinery control systems, airborne magnetic anomaly detection systems, air defense training systems, air traffic control systems, telerobotic systems, systems engineering and weapons systems software support for tactical aircraft.

CAE Fiberglass Ltd.
219 Jamieson Bowe Road
Belleville, Ontario, Canada

Filament wound fiberglass underground fuel storage tanks.

CAE Electronics GmbH
Steinfurt II
Stolberg, Aachen, West Germany

Maintenance, upgrading and support of military flight, tactics and radar simulators; production of training aids, electronic warfare flight simulator sub-systems, air crew selection systems and commercial telecommunications and data handling systems.

CAE Electronics B.V.
Amsterdam, The Netherland
Zurich, Switzerland

CAE-Link Corporation (formerly the Link Domestic Training andSimulation Division of The Singer Co.)
(Acquired on August 22, 1988.)
Washington, Washington D.C.

Supplies simulators and total training services to U.S. government agencies and foreign governments.

Divisions of CAE-Link Corporation:

Link Flight Simulation Division
Binghamton, New York

Produces military flight and mission simulators, part-task trainers and visual display systems.

Houston, Texas

Assembles simulators, develops computer software, and maintains and upgrades space program training devices.

Sunnyvale, California

Engaged in applied research and development. Also manufactures complex devices such as digital image generators for visual scene simulation, electro-optical sensor simulation, radar landmass simulation, and sensor system database technology.

Link Tactical Simulation Division
Silver Spring, Maryland

Develops and manufactures simulation systems for naval tactics and operations, including anti-submarine warfare, for ASW aircraft, surface vessels and submarines. Also develops battlefield command and control systems for tactical land warfare training.

Link Training Services Division
Dallas, Texas

Provides training instruction, logistics support and training system management to CAE-Link customers.

Allen Corporation of America
Alexandria, Virginia

Engaged in training systems development.

Transfer Agent(s):

Montreal Trust Company
Montreal, Quebec, Canada
Toronto, Ontario, Canada
Vancouver, British Columbia, Canada

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: CAE

Number of Employees:

1988	12,400	1985	4,892
1987	4,200	1984	4,065
1986	5,125		

Sales & Earnings x

	Revenues +	Net Income #
1989	$ 838,827,000	$ 42,755,000
1988	332,890,000	29,297,000
1987	335,410,000	27,935,000
1986	285,993,000	33,278,000
1985	187,276,000	17,495,000

	No. of Com. Shares x	Earn. per Share ‡ #
1989	77,504,045	$ 0.55
1988	77,209,617	0.38
1987	76,685,556	0.36
1986	76,105,262	0.44
1985	71,725,700	0.24

x Restated to reflect the company's change in revenue recognition policy from the completed contract to the percentage of completion method.
+ Of continuing operations only.
# Including extraordinary gains of $2,217,000 ($0.03 per share) in 1988, $795,000 ($0.01 per share) in 1987, $1,313,000 ($0.02 per share) in 1986 and extraordinary losses of $399,000 ($0.01 per share) in 1989 and $412,000 ($0.01 per share) in 1985.
x Adjusted to reflect stock splits.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues by Line of Business

	1988	1987
Electronics/aerospace	$ 755,167,000	$ 269,389,000
Manufacturing	83,660,000	63,501,000
Total	$ 838,827,000	$ 332,890,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1989	$ 0.16	—	—
1988	0.16	—	
1987	0.16	—	2-for-1
1986	0.14	—	—
1985	0.10	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1989	$ 223,603,000	$ 2.89
1988	210,917,000	2.73
1987	N.A.	2.48
1986	N.A.	2.26
1985	N.A.	1.54

N.A. - Not Available.
x Restated.
‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended March 31	1989	1988‡
Revenue	$ 838,827	$ 332,890
Cost of sales & expenses	737,020	286,897
Depreciation & amortization	24,256	8,444
Interest expense (income)	28,005	(10,919)
Curr. exch. gain	(5,592)	—
Loss from discont. oper.	242	3,033
Income before taxes	$ 54,896	$ 45,435
Income taxes	11,742	18,355
Net Income	$ 43,154	$ 27,080
Extraord. items	(399)	2,217
Net Income & extraord. items	$ 42,755	$ 29,297

‡ Restated.

Assets
(000's)

As of March 31	1988	1987‡
Cash	$ —	$ 130,629
Accts. receiv., net	434,401	104,104
*Inventories	56,234	30,238
Prepaid expenses	5,381	1,823
Inc. taxes recov.	14,535	—
Net assets-discont. oper.	—	3,498
Current Assets	$ 510,551	$ 270,292
#Fixed assets	132,716	56,910
Other assets	3,597	3,570
Intangibles	513,408	—
Total Assets	$ 1,160,272	$ 330,772

Liabilities
(000's)

Bank indebtedness	$ 218,939	$ —
Long-term debt, curr.	158	297
Accts. payable & accruals	272,375	60,578
Gov't. of Canada loan	3,900	3,900
Income & other taxes	—	2,239
Deposits on contracts	68,459	42,033
Curr. Liabilities	$ 563,831	$ 109,047

Long-term debt	358,503	3,796
Deferred income taxes	12,649	5,652
Minority interest	1,686	1,360
+Capital stock	53,411	52,100
Retained earnings	189,199	158,817
Curr. trans. adjust.	(19,007)	—
Total Liabilities & Shareholders' Equity	$ 1,160,272	$ 330,772

‡ Restated.
* At lower of average cost and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	19.12	13.89
Debt to Equity	2.58	0.02
Working Capital	—	$ 161,245,000
Current Ratio	—	2.48
Shareholders' Equity	$ 223,603,000	$ 210,917,000

California Microwave, Inc.

990 Almanor Avenue
Sunnyvale, California 94086
(408) 732-4000

Officers: David B. Leeson, chairman & chief executive officer; Gilbert F. Johnson, president & chief operating officer; David E. Hershberg, exec. v.p., & president-Satellite Transmission Systems, Inc.; George L. Spillane, v.p.-finance, chief financial officer & secretary; Joseph Russell, exec v.p., & president-Government Electronics Division; E. Russell Hardy, v.p. & president-Defense Products Division; H. Gary Vandemark, v.p. & president-Telecommunications Products Division.

Directors: David B. Leeson, chairman; Robert A. Helliwell, David E. Hershberg, Gilbert F. Johnson, Oswald G. Villard, Jr., Thomas D. Sege, Daniel J. McGanney, Jr..

Areas of Work: Active in four related product areas--satellite communications systems, airborne intelligence systems, defense satellite and radar equipment, and telephone transmission test systems.

Divisions and Subsidiaries:

California Microwave Foreign Sales Corp.
Sunnyvale, California
(408) 732-4000

Government Communications Systems Division
Columbia, Maryland

Defense Products Division
Sunnyvale & Lincoln, California

Telecommunications Products Division
Sunnyvale, California

Microwave Data Systems, Inc. (80%-owned)
Rochester, New York
Data radio equipment.

Satellite Transmission Systems, Inc.
Melbourne, Florida
Hauppauge, New York 11787
(516) 231-1919

Government Electronics Division
Woodland Hills & Lincoln, California
Electronic intelligence systems.

Advent Communications Technology, Inc. (82%-owned)
San Jose, California
Manufactures telecommunications test equipment.

Acquisition:

EFData Corporation
Tempe, Arizona
Manufactures a range of satellite and troposcatter data products.

Transfer Agent(s):

Bank of America
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CMIC (NASDAQ)

Number of Employees:

1988	792	1985	1,016
1987	780	1984	1,241
1986	946		

Plant Footage:

1988	293,000 sq. ft.	1985	337,000
1987	317,000	1984	363,000
1986	337,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 97,150,000	3,197,000
1987	97,657,000	(7,193,000)
1986	104,421,000	4,418,000
1985	105,359,000	4,607,000
1984	112,493,000	5,866,000

	No. of Com. Shares #	Earn. per Share #
1988	8,053,000	$ 0.40
1987	7,910,000	—
1986	8,086,000	0.55
1985	8,433,000	0.55
1984	8,409,000	0.70

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 43,945,000	$ 5.42
1987	40,137,000	5.00
1986	46,438,000	5.85
1985	46,087,000	5.53
1984	41,856,000	5.01

Income Account *

Year ended June 30	1988	1987
Net sales	$ 97,150,000	$ 97,657,000
Cost of sales	75,539,000	82,886,000
Expenses:		
Res. and develop.	2,773,000	3,176,000
Marketing & adm.	14,121,000	24,093,000
Interest expense (income)	(202,000)	22,000
Income (loss) bef. taxes	$ 4,919,000	$ (12,520,000)
Income taxes (credit)	1,722,000	(5,327,000)
Net Income (Loss)	$ 3,197,000	$ (7,193,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,558,000 in 1988 and $3,649,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 8,642,000	$ 1,701,000
Short-term investments	713,000	780,000
Accts. receiv., net	18,360,000	15,519,000
Refund. inc. taxes	—	3,647,000
*Inventories	19,399,000	18,455,000
Prepaid expenses	358,000	231,000
Current Assets	$ 47,472,000	$ 40,333,000
#Fixed assets	10,470,000	11,626,000
Invest. & other assets	5,410,000	5,147,000
Total Assets	$ 63,352,000	$ 57,106,000

Liabilities

Notes payable & long-term debt. curr.	$ —	$ 3,930,000
Accts. payable	8,218,000	6,613,000
Accruals	7,721,000	6,305,000
Income taxes	1,238,000	121,000
Curr Liabilities	$ 17,177,000	$ 16,969,000
Long-term debt	2,230,000	—
+Common stock	802,000	1,983,000
+Jr. Common stock	9,000	23,000
Add. paid-in capital	18,093,000	16,395,000
Retained earnings	25,618,000	22,421,000
Unamortized stock plan	(337,000)	(445,000)
Notes receivable	(240,000)	(240,000)
Total Liabilities & Shareholders' Equity	$ 63,352,000	$ 57,106,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value in 1988; $0.25 par value in 1987.

Statistical Summary

%Income bef. Taxes to Sales	5.06	—
%Net Income to Sales	3.29	—
%Net Income to Equity	7.28	—
Sales to Inventories	5.01	5.29
Debt to Equity	0.05	0.10
Working Capital	$ 30,295,000	$ 23,364,000
Current Ratio	2.76	2.38
Shareholders' Equity	$ 43,945,000	$ 40,137,000

Canadian Marconi Company

(51.6% owned by The General Electric Co., p.l.c. of England)

2442 Trenton Avenue
Montreal, Quebec H3P 1Y9, Canada
(514) 341-7630

Officers: James F. Grandy, chairman; Philip E. Wheatley, president; J. Gustave McInnes, comptroller; John H. Simons, exec. v.p.-electronic group; John R. Killick, sr. v.p.; Alexander H. Grant, v.p.-Special Services Div.; Claude Filiatrault, v.p., secretary & general counsel; Claude St. Arnaud, sr. v.p.-international marketing; Gerry Stourop, treasurer; Andre Massicotte, v.p.-human resources/administration; James J. Kelly, v.p.-finance; Laurent Noel, v.p.-Defence Communications Division; Daniel Rosenthal, v.p.-Commercial Communications Division; J. Joseph Bedford, v.p.-DataComm Products Division; Ervin Spinner, v.p.-Avionics Division.

Directors: I. D. Sinclair, T. S. Dobson, R. O. Beauchemin, J. F. Grandy, P. E. Wheatley, W. I. M. Turner, Jr., W. H. Alexander, D. Powell, Conrad M. Black, Ronald H. Grierson, R. Anthony Robinson.

Areas of Work: Engaged in the manufacture of highly engineered electronic products for defense and civil use.

Divisions and Subsidiaries:

Avionics Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9, Canada
(514) 341-7630
Engineering, manufacturing, marketing and servicing of Airborne Doppler Navigation systems, automatic Omega receivers, Area Navigation systems, Satellite position location equipment, aircraft instrumentation displays. Manufacturing and marketing printed wiring boards.

DataComm Products Division
415 Legget Drive
Kanata, Ontario K2K 2B2, Canada
(613) 592-6500

Multiprocessor-based telex switching systems, time division multiplexers, loop adaptors, voice frequency telegraph products.

Special Services Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9, Canada
(514) 341-7630

Installs radar, communications and air navigation equipment and systems, and operates defense communications and detection systems. Operates repair and overhaul shops for radar, sonar, communications equipment and diesel electric generators, and an approved test equipment repair and calibration laboratory.

Defence Communications Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9, Canada
(514) 341-7630

Engineering, manufacturing and marketing for commercial and military land-based microwave communications equipment, ancillaries, and associated supporting test equipment.

Components Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9, Canada
(514) 341-7630

Designs, manufactures and markets electronic components including multi-layer printed circuit boards, thin film, thick film and hybrid microcircuits, magnetic devices, illuminated panels, alpha-numeric displays and power supplies.

Commercial Communications Division
2442 Trenton Avenue
Montreal, Quebec HEP 1Y9, Canada
(514) 341-7630

Supplies communications, navigation and sophisticated test equipment fo marine and land-based industries and Canadian goverment institutions. Equipment and services include radar systems, mobile VHF and UHF radios, fish-finding equipment, navigation and communications sytems for marine use and highly specialized instrumentation for testing and measurement.

Naval and Ground Systems Division
415 Legget Drive
Kanata, Ontario K2K 2B2, Canada
(613) 592-6500

Produces naval navigation, surface search and air surveillance radar systems and ground-based navigational aids such as microwave landings systems, VHF omni-directional range equipment, instrument landing equipment, VHF omni-test equipment and distance measuring equipment, and provides airspace systems engineering services.

CMC Electronics, Inc.
20 Meridian Road
Eatontown, New Jersey 07724
(201) 389-2522

Deisgn, development, and manufacture of communications products. Expertise in RF design work. Repair and overhaul of company's avionics and communications equipment.

Acquisition:

Cincinnati Electronics Corporation
2630 Glendale-Milford Road
Cincinnati, Ohio 45241-3187
(513) 733-6100

Engaged in the design, development, production and support of high-technology electronics. Products include range safety receivers for launch vehicles, infrared tail warning systems for military aircraft, and hybrid detectors/amplifiers for weather satellite programs.

Transfer Agent(s):

Montreal Trust Company
1800 McGill College Avenue
Montreal H3A 3K9, Canada

Stock Exchange(s): American, Montreal, Toronto

Ticker Symbol: CMW

Number of Employees:

1989	4,250	1986	2,668
1988	2,957	1985	2,731
1987	2,729		

Plant Footage:

1989	N.A.	1987	650,000
1988	723,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings‡

	Revenues	Net Income †
1989	$ 315,589,000	$ 24,320,000
1988	220,193,000	22,039,000
1987	227,722,000	26,836,000
1986	226,634,000	25,841,000
1985	313,925,000	52,088,000

	No. of Com. Shares +	Earn. per Share †+
1989	23,772,768	$ 1.02
1988	23,772,768	0.93
1987	23,772,768	1.13
1986	23,772,768	1.09
1985	23,772,768	2.19

‡ In Canadian dollars.
+ Adjusted to reflect stock split.
† Including extraordinary gain of $1,110,000 ($0.04 per share) in 1988 and extraordinary loss of $789,000 ($0.03 per share) in 1986.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1989	$ 0.28	—	—
1988	0.28	—	
1987	0.28	—	—
1986	0.29	—	—
1985	0.27	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 247,905,000	$ 10.43
1988	232,236,000	9.77
1987	216,853,000	9.12
1986	196,673,000	8.27
1985	176,972,000	7.44

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended March 31	1989	1988
Revenues	$ 315,589	$ 220,193
Costs & expenses	274,607	185,401
Depreciation & amortization	14,645	9,295
Interest expense	484	175
Gain on sale of land	—	(2,237)
Income before taxes	$ 25,853	$ 27,559
Income taxes	2,643	5,520
Net Income	$ 23,210	$ 22,039
Extraord. gain	1,110	—
Net Income & extraord. gain	$ 24,320	$ 22,039

Assets
(000's)

As of March 31	1989	1988
Cash & temp. invest.	$ 64,771	$ 127,338
Accts. receiv., net	79,398	54,336
Inc. taxes refund.	6,411	4,908
*Inventories	90,239	44,186
Prepaid expenses	2,896	699
Current Assets	$ 243,715	$ 231,467
Investments	37,147	37,147
#Fixed assets	65,744	37,377
Goodwill	8,224	—
Total Assets	$ 354,830	$ 305,991

Liabilities
(000's)

	1989	1988
Accts. payable & accruals	$ 92,254	$ 65,747
Income taxes	673	24
Curr. Liabilities	$ 92,927	$ 65,771
Long-term debt	6,141	986
Deferred inc. taxes	7,857	6,998
+ Capital stock	10,216	10,216
Retained earnings	239,684	222,020
Cum. trans. adjust.	(1,995)	—
Total Liabilities & Shareholders' Equity	$ 354,830	$ 305,991

* At lower of cost or est. net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	8.19	12.52
%Net Income to Revenues	7.35	10.01
%Net Income to Equity	9.36	9.49
Debt to Equity	0.02	—
Working Capital	$ 150,788,000	$ 165,696,000
Current Ratio	2.62	3.52
Shareholders' Equity	$ 247,905,000	$ 232,236,000

Canon, Inc.

7-1, Nishi-shinjuku 2-chome
Shinjuku-ku, Toyko 163, Japan

Directors: Ryuzaburo Kaku, president & representative director; Keizo Yamaji, exec. v.p. & representative director; Hajime Mitarai, senior managing & representative director; Shigeru Nishioka, senior managing director; Kazuo Naito, managing director; Torakiyo Yamanaka, managing director; Masahiro Tanaka, managing director; Hiroshi Tanaka, managing director; Hideharu Takemoto, managing director; Fujio Mitarai, managing director; Seiichi Takikawa, director & advisor; Yutaka Nasu, Takeshi Goshima, Keishi Fukuda, Takeshi Mitarai, Minoru Murata, Shinichiro Nagashima, Koichi Sukegawa, Tsuneo Enome, Giichi Marushima, Reiji Shirahase, Toshio Endo, Ryozo Hirako.

Areas of Work: Manufactures and markets lines of cameras, business machines, and advanced optical products for the semiconductor, broadcasting, and medical fields. Products include electronic typewriters, wordprocessors, facsimile transceivers, microcomputers, laser beam printers, copies, calculators, SLR (single-lens reflex) cameras and video equipment, lenses for SLR, rangefinder and video cameras, precision components such as floppy disk drives, magnetic heads, SLR components and micrographics, medical diagnostic machines, television broadcast lenses, ultraprecise optical components, 35mm rangefinder cameras, copies accessories, micromotors for audio and video products and computers, and a full line of semiconductor production equipment.

Canon, Inc.

Manufacturing Subsidiaries:

Canon Electronics, Inc.
Manufactures precision components such as floppy disk drives, magnetic heads, SLR components and micrographics.

Copyer Co., Ltd.
Manufactures copiers and copier supplies.

Canon Precision, Inc.
Manufactures micromotors used in audio products, video tape recorders, business machines and computers.

Canon Seiko Co., Ltd.
Manufactures molded parts and electronic flash guns.

Oita Canon, Inc.
Manufactures 35mm rangefinder cameras.

Dai-Ichi Seiki Kogyo Co., Ltd.
Produces cartridges and accessories for copiers.

Canon Chemical Co., Inc.
Produces rollers and blades for copiers.

Canon Components, Inc.
Manufactures hybrid ICs and other high-tech components.

Canon Inc., Taiwan
Manufactures 35mm rangefinder cameras and micromotors for audio products.

Canon Giessen GmbH
West Germany
Manufactures plain paper copiers.

Canon Bretagne S.A.
France
Manufactures electronic typewriters and facsimile transceivers.

Canon Business Machines, Inc.
California, U.S.A.
Produces consumables for copiers and electronic typewriters.

Canon Virginia, Inc.
Virginia, U.S.A.
Manufactures copiers.

Major Marketing Subsidiaries:

Canon U.S.A., Inc.
One Canon Plaza
Lake Success, New York 11042, U.S.A.

Canon Canada, Inc.
6390 Dixie Road
Mississauga, Ontario L5T 1P7, Canada

Canon Europa N.V.
Van Leijenberghlaan 221
P.O. Box 7907
1008 AC Amsterdam, The Netherlands

Canon U.K. Ltd.
Canon House
Manor Road
Wallington Surrey SM6 OAJ, United Kingdom

Canon France S.A.
Centre d'Affaires Paris-Nord
Immeuble le Bonaparte
Le Blanc Mesnil 93150, France

Canon Latin America, Inc.
Apartado 7022
Panama 5, Republic of Panama

Canon Australia Pty. Ltd.
1/37 Waterloo Road
North Ryde
Sydney N.S.W. 2113, Australia

Canon Singapore Pte. Ltd.
95 South Bridge Road #13-01/15
South Bridge Centre
Singapore 0105

Canon Hong Kong Trading Co., Ltd.
Room 1101-3 & 1121-2 - Peninsula Centre
67 Mody Road - Tsimshatsui East
Kowloon, Hong Kong

Transfer Office:

The Yasuda Trust & Banking Co., Ltd.
2-1, Yaesu 1-chome
Chuo-ku
Tokyo 103, Japan

Depositary and Agent for ADRs:

Morgan Guaranty Trust Company of New York
23 Wall Street
New York, New York 10015, U.S.A.

Stock Exchange(s): Toyko, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Japan; Luxembourg, Frankfurt, Over-the-Counter (U.S.A.)

Ticker Symbol: CANNY (NASDAQ-U.S.A.)* *Trades as an American Depositary Receipt (ADR)

Number of Employees:

1988	40,740	1985	34,129
1987	37,521	1984	30,302
1986	35,498		

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1988	¥ 1,106,010	¥ 37,100
1987	976,711	13,244
1986	889,217	10,728
1985	955,780	37,056
1984	830,388	35,029

	No. of Com. Shares ‡	Earn. per Share ‡
1988	679,145,000	¥ 56.40
1987	679,140,000	21.61
1986	678,280,000	18.34
1985	661,142,000	58.72
1984	613,776,000	58.99

¥ - Yen
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1988	1987
Cameras	¥ 159,151	¥ 177,729
Business machines:		
Copiers	436,924	393,581
Other	434,634	342,895
Optical & other products	75,301	62,506
Total	¥ 1,106,010	¥ 976,711

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	¥ 12.50	—	—
1987	10.00	—	
1986	12.50	—	—
1985	12.50	—	—
1984	10.87	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share ‡
1988	¥ 416,465	¥ 613.22
1987	371,198	546.57
1986	336,456	496.04
1985	333,148	503.90
1984	304,310	495.80

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(millions)

Year ended Dec. 31	1988	1987
Net sales	¥ 1,106,010	¥ 976,711
Cost of sales	641,181	592,174
Expenses	376,915	338,231
Interest expense	28,728	23,924
Interest income	(22,991)	(16,378)
Other income	(3,652)	(1,477)
Income before taxes	¥ 85,829	¥ 40,237
Income taxes	43,873	25,210
Minority interests	4,856	1,783
Net Income	¥ 37,100	¥ 13,244

* Included in Costs and Expenses, Depreciation and Amortization: ¥ 60,636,000,000 in 1988 and ¥ 58,964,000,000 in 1987.

Assets
(millions)

As of Dec. 31	1988	1987
Cash & cash equiv.	¥ 388,645	¥ 339,979
Marketable securites	52,843	66,682
Accts. receiv., net	193,800	163,410
*Inventories	277,691	219,649
Prepaid expenses	47,720	38,158
Current Assets	¥ 960,699	¥ 827,878
Receivables & restricted funds	24,742	21,636
Investments	35,631	26,084
#Fixed assets	256,151	236,637
Other assets	22,620	21,646
Total Assets	¥ 1,299,843	¥ 1,133,881

Liabilities
(millions)

	1988	1987
Short-term loans	¥ 259,880	¥ 224,499
Accts. payable	234,493	169,908
Accruals	41,431	33,595
Income taxes	30,246	19,540
Other current liabilities	35,512	31,941
Curr. Liabilities	¥ 601,562	¥ 479,483
Long-term debt	206,083	222,784
Retirement benefits	10,879	10,908
Minority interest	64,854	49,508
+Common stock	43,386	35,873
Add. paid-in capital	193,057	184,400
Legal reserve	8,753	7,970
Retained earnings	201,866	172,766
For curr. trans. adjust.	(30,597)	(29,811)
Total Liabilities & Shareholders' Equity	¥ 1,299,843	¥ 1,133,881

* At lower of cost (average) or market; foreign at FIFO.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.76	4.12
%Net Income to Sales	3.35	1.36
%Net Income to Equity	8.91	3.57
Sales to Inventories	3.98	4.45
Debt to Equity	1.12	1.20
Working Capital (000's)	¥ 359,137,000	¥ 348,395,000
Current Ratio	1.60	1.73
Shareholders' Equity (000's)	¥ 416,465,000	¥ 371,198,000

Canrad Inc.

(Acquired by ARC International Corporation on December 31, 1988)

100 Chestnut Street
Newark, New Jersey 07105
(201) 589-4300

Officers: Harry J. Shutt, president; Richard W. Noble, v.p., treasurer, controller & asst. secretary; Philip Halpern, secretary.

Directors: Philip Halpern, Arnold Tenney.

Divisions and Subsidiaries:

Hanovia Lamp Inc.
Newark, New Jersey
Designs, develops and produces plasma arc lamps and related equipment including commercial and industrial ultraviolet products.

Strong International
Omaha, Nebraska
Designs, develops and manufactures projection systems and high intensity lighting equipment.

Ballantyne of Omaha, Inc.
Omaha, Nebraska
Manufactures 35mm and 70mm movie projectors, sound equipment, and theater automation equipment and a line of restaurant equipment.

Colight
Minneapolis, Minnesota
Manufactures and markets photo exposure equipment for printed circuit board manufacturing industry.

Special Products Manufacturing Inc.
Binghamton, New York
Manufactures, assembles and sells wave guides and other components for microwave transmissions, and offers machining, plating and assembly services on a contract basis.

Wilson Instruments
Binghamton, New York
Manufactures, assembles, sells and services hardness, microhardness and tensile testing equipment.

Rockwell Hardness Testers, Ltd.
Stourport-on-Severn, England
Sells and services hardness, microhardness and tensile testing equipment.

Number of Employees:

1988	597	1986	N.A.
1987	585	1985	457

N.A. - Not Available.

Plant Footage:

1988 .... 430,000 sq. ft. 1987 374,000

Sales & Earnings x

	Net Sales +	Net Income	No. of Com. Shares †	Earn. per Share #
1988	$ 54,628,000	$ 662,000	—	$ —
1987	44,366,000	844,000	1,167,364	0.71
1986	36,606,000	1,530,000	1,102,871	1.29
1985	29,652,000	741,009	950,234	0.64
1984	27,167,000	889,334	940,942	0.77

(Loss)
x Since the company has become a wholly-owned subsidiary of ARC International, there are no common share figures for 1988.
+ Of continuing operations only.
† Adjusted to reflect stock dividend.
# Based on the weighted average number of common shares and dilutive common share equivalents outstanding adjusted to reflect stock dividend.

Revenues By Line of Business

	1988	1987
Ultraviolet products	$ 16,447,132	$ 15,735,128
Theatre & restaurant prods.	17,306,518	12,406,794
Telecommunications prods.	19,329,384	14,125,250
Other	1,544,622	2,098,410
Total	$ 54,627,656	$ 44,365,582

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 15,140,235	$ —
1987	10,799,591	9.25
1986	9,750,441	8.84
1985	6,388,686 ‡	6.72
1984	5,684,249 ‡	6.04

‡ After allowing for preferred stock at par value.
† Adjusted to reflect stock dividend.

Income Account

Year ended Dec. 31	1988	1987
Net sales	$ 54,627,656	$ 44,365,582
Cost of sales	41,708,931	33,219,801
Expenses	10,499,178	8,539,041
Interest expense	1,296,496	901,770
Terminated tender offer	—	225,000
Income before taxes	$ 1,123,051	$ 1,479,970
Income taxes	461,500	635,900
Net Income	$ 661,551	$ 844,070

Assets

As of Dec. 31	1988	1987
Cash	$ 423,529	$ 152,727
Accts. receiv., net	8,106,216	7,723,389
Refundable inc. taxes	—	355,732
*Inventories	16,861,498	13,947,134
Other curr. assets	792,364	786,978
Current Assets	$ 26,183,607	$ 22,965,960
#Fixed assets	15,081,518	7,680,865
Other assets	3,413,656	1,252,033
Total Assets	$ 44,678,781	$ 31,898,858

Liabilities

Long-term debt, curr.	$ 96,538	$ 201,259
Accts. payable	5,466,508	4,120,093
Accruals	2,962,248	2,038,773
Income taxes	146,571	73,565
Curr. Liabilities	$ 8,671,865	$ 6,433,690
Long-term debt	15,726,736	12,578,779
Deferred inc. taxes	1,207,575	816,338
Other long-term liabilities	3,932,370	1,270,460
Common stock equity	15,140,235	10,799,591
Total Liabilities & Shareholders' Equity	$ 44,678,781	$ 31,898,858

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	2.06	3.34
%Net Income to Sales	1.21	1.90
%Net Income to Equity	4.37	7.82
Sales to Inventories	3.24	3.18
Debt to Equity	1.05	1.18
Working Capital	$ 17,511,742	$ 16,532,270
Current Ratio	3.02	3.57
Shareholders' Equity	$ 15,140,235	$ 10,799,591

Carco Electronics

195 Constitution Drive
Menlo Park, California 94025
(415) 321-8174

Officers: John M. Carter, president; William M. Schultz, v.p. & administrative asst.; Rudy Schneider, v.p.-engineering; John A. Watson, v.p.-new products; Samuel R. Curless, vice president-manufacturing; William M. Spont, vice president & technical asst.; Hugh D. Carter, v.p.-production; William R. Meckfessel, treasurer; Helen D. Carter, secretary; Lynda G. Brown, assistant secretary.

Directors: John M. Carter, A. William Bloom, Emmet G. Cameron, Robert P. Nelson, Jr., Richard T. Orth, William R. Meckfessel.

Areas of Work: The Company's two major product lines are flight motion simulators and microwave test systems.

Transfer Agent(s):

Carco Electronics
195 Constitution Drive
Menlo Park, California 94025

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988 .... 82 1987 75

Plant Footage:

1988	25,000 sq.ft.	1985	20,000
1987	20,000	1984	20,000
1986	20,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 8,960,917	$ 474,628
1987	7,999,577	392,256
1986	6,189,520	132,264
1985	6,440,665	286,577
1984	4,869,945	80,791

	No. of Com. Shares +	Earn. per Share ‡
1988	401,510	$ 1.18
1987	401,510	0.97
1986	401,510	0.33
1985	401,510	0.71
1984	401,010	0.20

+ Class A and Class B shares combined.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.12	—	—
1987	0.10	—	
1986	0.10	—	—
1985	0.06	—	—
1984	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 3,231,711	$ 8.05
1987	2,805,264	6.99
1986	2,453,159	6.11
1985	2,361,046	5.88
1984	2,097,592	5.23

+ Based on Class A and Class B stock combined.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 8,960,917	$ 7,999,577
Cost of sales	6,280,015	5,761,760
Expenses	1,763,641	1,503,233
Interest expense	145,169	33,476
Income before taxes	$ 772,092	$ 701,108
Income taxes	297,464	308,852
Net Income	$ 474,628	$ 392,256

* Included in Costs and Expenses, Depreciation:$38,831 in 1988 and $39,046 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 197,259	$ 104,129
Accts. receiv.	1,750,030	1,359,588
Costs & earn. in exc. of billings	3,305,295	2,320,833
* Inventories	385,549	445,615
Prepaid expenses	41,811	57,009
Deferred inc. taxes	22,172	26,083
Current Assets	$ 5,702,116	$ 4,313,257
# Fixed assets	161,648	157,755
Other assets	7,950	7,450
Total assets	$ 5,871,714	$ 4,478,462

Liabilities

Note payable	$ 1,200,000	$ —
Accts. payable	370,606	569,401
Accruals	657,537	502,185
Accrued inc. taxes	65,360	237,293
Billings in exc. of costs	332,000	346,847
Curr. Liabilities	$ 2,625,503	$ 1,655,726
Deferred inc. taxes	14,500	17,472
+ Capital stock:		
Class A	35,189	35,189
Class B	15,000	15,000
Add. paid-in capital	288,843	288,843
Retained earnings	2,892,679	2,466,232
Total Liabilities & Shareholders' Equity	$ 5,871,714	$ 4,478,462

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.125 stated value.

Statistical Summary

%Income bef. Taxes to Sales	8.62	8.76
%Net Income to Sales	5.30	4.90
%Net Income to Equity	14.69	13.98
Sales to Inventories	23.24	17.95
Debt to Equity	0.37	—
Working Capital	$ 3,076,613	$ 2,657,531
Current Ratio	2.17	2.61
Shareholders' Equity	$ 3,231,711	$ 2,805,264

Chase Corporation

(formerly Columbia Chase Corporation)

Forbes Business Center, Suite 200
220 Forbes Road
Braintree, Massachusetts 02184
(617) 848-2810

Officers: Nikit Ordjanian, chairman of the board; Wilfred W. Carter, president, treasurer, and chief executive & financial officer; Peter R. Chase, v.p. & chief operating officer; George M. Hughes, clerk.

Directors: Nikit Ordjanian, chairman; Edward L. Chase, Francis M. Chase, George M. Hughes, James D. O'Donnell, Kenneth L. Evans, Francis M. McGrory, Wilfred W. Carter, William H. Dykstra.

Areas of Work: Manufactures energy-related products such as dielectric insulation for electrical power cables, protective tapes and coatings for underground gas and oil lines and humidity-resistant coatings for electronic components and printed circuitry. Other operations include custom compounding and mixing of rubber and plastics.

Divisions:

Chase & Sons
19 Highland Avenue
Randolph, Massachusetts 02368
(617) 963-2600
Cable tapes for use in electrical wires and cables, telephone and communication cables, shipboard, Navy and missile cables. Protective tape coatings for corrosion prevention on underground oil, gas and petroleum pipelines. Electrical tapes for utilities and contractors. Flexible electrical insulation and wallboard seams tapes.

Avon Custom Mixing
55 High Street
Holbrook, Massachusetts 02343
(617) 767-0511
Custom volume mixing of rubber and other compounds supplying the commercial market and corporate internal use.

HumiSeal
26-60 Brooklyn-Queens Expressway West
Woodside, New York 11377
(718) 932-0800
Produces conformal liquid protective coatings for electronics and printed circuitry, also solder masks and potting compounds.

Royston Laboratories
128 First Street
Pittsburgh, Pennsylvania 15238
(412) 828-1500
Produces and sells materials to prevent corrosion on underground pipelines and other metal surfaces and to protect wood and concrete surfaces, also bridge expansion joints.

Fuel Technology Systems
Forbes Business Center, Suite 200
Braintree, Massachusetts 02184
(617) 848-2813
Combustion equipment and alternate fuels.

Subsidiary:

Chase Export Corporation
Barbados, West Indies
Foreign Sales Corporation (FSC).

Transfer Agent(s):

The Chase Manhattan Bank
One New York Plaza
New York, New York 10081

Stock Exchange(s): Boston

Ticker Symbol: CTE

Number of Employees:

1988	152	1985	184
1987	186	1984	177
1986	191		

Plant Footage:

1988	325,000 sq. ft.	1985	325,000
1987	325,000	1984	350,000
1986	325,000		

Sales & Earnings

	Revenues +	Net Income †
1988	$ 27,416,968	$ (2,810,797)
1987	25,437,468	37,084
1986	24,036,510	166,651
1985	22,397,124	441,043
1984	21,043,181	379,543

	No. of Com. Shares #	Earn. per Share #†
1988	3,877,331	$ —
1987	3,891,203	0.01
1986	3,879,806	0.04
1985	3,887,964	0.11
1984	3,894,806	0.10

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $179,359 ($0.04 per share) in 1985, $202,920 ($0.05 per share) in 1984 and extraordinary loss of $2,608,374 in 1988. † Including extraordinary gains of $2,608,374 in 1988, $179,359 ($0.04 per share) in 1985 and $202,920 ($0.05 per share) in 1984.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 2,588,376	$ 0.67
1987	5,423,927	1.39
1986	5,386,843	1.39
1985	5,220,192	1.34
1984	4,802,618	1.23

+ Based on the average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Aug. 31	1988	1987
Net sales	$ 27,095,922	$ 25,173,315
Other income	321,046	264,153
Total income	$ 27,416,968	$ 25,437,468

Cost of sales	19,640,565	17,975,664
Expenses	7,360,596	7,206,795
Interest expense	412,264	382,226
Income (loss) bef. taxes	$ 3,543	$ (127,217)
Income taxes (credit)	205,966	(164,301)
Net Income (Loss)	$ (202,423)	$ 37,084
Extraord. loss	(2,608,374)	—
Net Income (Loss) & extraord. loss	$ (2,810,797)	$ 37,084

* Included in Costs and Expenses, Depreciation and Amortization: $626,894 in 1988 and $446,178 in 1987.

Assets

As of Aug. 31	1988	1987
Cash	$ 315,448	$ 296,361
Receiv., net	4,763,903	3,920,851
*Inventories	2,725,861	3,362,093
Prepaid expenses & other assets	335,219	324,062
Deferred taxes	185,777	—
Refund. taxes	—	160,763
Current Assets	$ 8,326,208	$ 8,064,130
#Fixed assets	3,075,731	3,060,929
Other assets	1,759,335	1,542,032
Total Assets	$ 13,161,274	$ 12,667,091

Liabilities

Notes payable	$ 3,255,000	$ 3,547,500
Long-term debt, curr.	203,686	189,712
Accts. payable	1,834,890	1,589,615
Accruals	994,099	649,686
Income taxes	203,581	5,704
Deferred income	—	13,859
Deferred compensation	726,006	—
Curr. Liabilities	$ 7,217,262	$ 5,996,076
Long-term debt	720,704	865,143
Def. in. taxes	—	381,945
Deferred compensatin	2,634,932	—
+Common stock	389,480	389,480
Add. paid-in capital	1,753,482	1,753,482
Retained earnings	493,637	3,304,434
Treasury stock	(48,223)	(23,469)
Total Liabilities & Shareholders' Equity	$ 13,161,274	$ 12,667,091

* At cost (FIFO), which is not in excess of market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.01	—
%Net Income to Sales	—	0.15
%Net Income to Equity	—	0.68
Sales to Inventories	9.94	7.49
Debt to Equity	1.61	0.85
Working Capital	$ 1,108,946	$ 2,068,054
Current Ratio	1.15	1.34
Shareholders' Equity	$ 2,588,376	$ 5,423,927

Chelsea Industries, Inc.

1360 Soldiers Field Road
Boston, Massachusetts 02135
(617) 787-9010

Officers: Ronald G. Casty, chairman of the board & president; Emil S. Bernstein, exec. v.p. & treasurer; David L. Phillips, sr. v.p.; Edward Kahn, corp. controller; Milton A. Graff, v.p.-control & administration; Robert M. Rosen, clerk; Winston Stalcup, v.p.-distribution.

Directors: Ronald G. Casty, chairman; Robert D. Buzzell, Emil S. Bernstein, David L. Phillips, James S. Shulman, Norman S. Dunn, Harold R. Logan, A.M. MacKinnon.

Divisions and Subsidiaries:

Distribution Group

RS Electronics, Inc.
Livonia, Michigan

Olive/RS Electronics
St. Louis, Missouri

Fairmont Electronic Sales Corp.
Hauppauge, New York

Broad-line distributors of industrial electronic components sold primarily to industrial organizations, OEM's and dealers. Products include semiconductors, integrated circuits, electromechanical devices (such as relays, switches, connectors, wire and cable), passive components (including resistors and capacitors) and other such related products as micro-systems, and test instruments.

Maynard Plastics, Inc.
Pittsburgh, Pennsylvania
Peabody, Massachusetts
Salem, Massachusetts 01970
(508) 744-8000

Extrudes rigid vinyl replacement window systems components. Manufactures flexible and rigid plastic profile extrusions used in applications including simulated wood trim, weather stripping, trim for luggage and automobile interiors, carriers for integrated circuits, plastic net for product bags, garment bags and high density retail merchandise bags.

Webster Industries, Inc.
Montgomery, Alabama
Macomb, Illinois
Peabody, Massachusetts 01960
(508) 532-2000

Polyethylene film for food, trash bags and other packaging requirements; plastic plates, cups and bowls.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: CHD

Number of Employees:

1988 1,400
1987 1,400
1986 1,400

Plant Footage:

1988 .... 880,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 188,503,000	$ (543,000)
1987*	170,744,000	1,652,000
1986	179,510,000	7,206,000
1985	184,527,000	6,423,000
1984	199,605,000	5,784,000

	No. of Com. Shares +	Earn. per Share +
1988	2,102,000	$ —
1987*	2,237,000	0.74
1986	2,589,000	2.78
1985	2,562,000	2.51
1984	2,634,000	2.20

(Loss)
* 53 weeks.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Plastic prods.	$ 154,563	$ 134,835
Distribution	33,940	33,058
Industrial	—	2,851
Total	$ 188,503	$ 170,744

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.72	—	—
1987	0.72	—	
1986	0.72	—	—
1985	0.705	—	—
1984	0.66	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 39,172,000	$ 18.64
1987	41,958,000	18.76
1986	56,918,000	21.98
1985	50,708,000	19.79
1984	45,724,000	17.36

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	10/1/88	10/4/87
Net sales	$ 188,503	$ 170,744
Cost of sales	137,744	116,765
Expenses	50,493	50,538
Gain on sales of bldgs.	—	(617)
Interest expense	1,076	684
Income (loss) bef. taxes	$ (810)	$ 3,374
Income taxes (credit)	(267)	1,722
Net Income (Loss)	$ (543)	$ 1,652

* Included in Costs and Expenses, Depreciation and Amortization: $3,978,000 in 1988 and $3,870,000 in 1987.

Assets
(000's)

As of	10/1/88	10/4/87
Cash	$ 4,205	$ 3,488
Accts. receiv., net	29,517	25,351
*Inventories	27,637	25,304
Prepaid expenses	3,382	2,731
Current Assets	$ 64,741	$ 56,874
#Fixed assets	24,935	25,408
Other assets	1,283	2,326
Total Assets	$ 90,959	$ 84,608

Liabilities
(000's)

Notes payable	$ 3,300	$ —
Long-term debt, curr.	795	945
Accts. payable	21,086	15,149
Accrued compensation	2,847	2,033
Other curr. liab.	2,822	1,696
Income taxes	—	2,336
Curr. Liabilities	$ 30,850	$ 22,159

Chelsea Industries, Inc.

Long-term debt		15,902		16,587
Deferred pension oblig.		1,006		1,121
Deferred inc. taxes		4,029		2,783
+ Common stock		3,471		3,467
Add. paid-in capital		15,651		15,428
Retained earnings		45,255		47,311
Treasury stock		(25,205)		(24,248)
Total Liabilities & Shareholders' Equity	$	90,959	$	84,608

* At lower of cost (FIFO) or market; plastics group at LIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales		—		1.98
% Net Income to Sales		—		0.97
% Net Income to Equity		—		3.94
Sales to Inventories		6.82		6.75
Debt to Equity		0.51		0.42
Working Capital	$	33,891,000	$	34,715,000
Current Ratio		2.10		2.57
Shareholders' Equity	$	39,172,000	$	41,958,000

Chrysler Corporation

12000 Chrysler Drive
Highland Park, Michigan 48288-1919
(313) 956-5741

Officers: Lee A. Iacocca, chairman of the board & chief executive officer; Gerald Greenwald, vice chairman; Robert S. Miller, Jr., exec. v.p. & chief financial officer; Thomas G. Denomme, v.p.-corp. planning & external affairs; William J. O'Brien, v.p., general counsel & secretary; Robert A. Perkins, v.p.-Washington affairs; Glenn E. White, v.p.-personnel & organization; Frederick W. Zuckerman, v.p. & treasurer; Christopher J. Steffen, v.p. & controller; Bennett E. Bidwell, chairman-Chrysler Motors Corporation; Robert A. Lutz, president-Chrysler Motors Corporation; Richard E. Dauch, exec. v.p.-manufacturing; Joseph E. Cappy, group v.p.-Jeep/Eagle Division; E. Thomas Pappert, v.p.-sales; Richard E. Acosta, v.p.-car & truck assembly operations; Ronald R. Boltz, v.p.-advance product & operations planning; Joseph A. Campana, v.p.-Chrysler/Plymouth Division; Francois J. Castaing, v.p.-vehicle engineering; M.J. Closs, v.p. & pres.-Chrysler Canada Ltd.; Theodor R. Cunningham, v.p.-service & parts operations; Thomas C. Gale, v.p.-product design; G.J. Giocondi, v.p.-quality & productivity; Michael N. Hammes, v.p.-international operations; David R. Platt, v.p.-procurement & supply; Erick A. Reickert, v.p. & managing dir.-Chrysler de Mexico, S.A.; Leroy C. Richie, v.p. & general counsel; Anthony P. St. John, v.p.-human resources; Ronald L. Stewart, v.p.-advance manufacturing operations; Jerome B. York, v.p. & controller, Chrysler Motors Corporation; Laurel Cutler, v.p.-consumer affairs; John B. Damoose, v.p.-Dodge Car and Truck Division; John P. Tierney, chairman-Chrysler Financial Corporation; Robert E. Baker, vice chairman-Chrysler Financial Corporation; Paul E. Wright, chairman-Chrysler Technologies Corporation; John M. Bowes, pres.-Chrysler Capital Corporation; James M. Browne, pres.-Chrysler First Inc.; J.E. Farrell, pres.-Chrysler Credit Corporation; John C. Stellman, v.p.-finance & planning, Chrysler Technologies Corporation; Robert L. Carrel, president-Electrospace Systems, Inc.; Allen E. Paulson, chairman & chief exec. officer-Gulfstream Aerospace Corporation; Milton W. Holcombe, president-Chrysler Technologies Airborne Systems, Inc..

Directors: Lee A. Iacocca, chairman; Lilyan H. Affinito, Bennett E. Bidwell, Owen F. Bieber, Anthony J.A. Bryan, Joseph A. Califano, Jr., A. Jean de Grandpre, Gerald Greenwald, Ronald H. Grierson, John H. Johnson, Juanita M. Kreps, Robert J. Lanigan, Robert A. Lutz, Peter A. Magowan, Robert S. Miller, Jr., William G. Milliken, Allen E. Paulson, Malcolm T. Stamper, J. Paul Sticht.

Areas of Work: Manufactures, assembles and markets cars, trucks, jeeps, and related automotive parts and accessories, defense and space products, outboard motors, inboard marine engines and industrial engines, power metal products and chemical products.

Subsidiaries:

Chrysler Technologies Corporation

Gulfstream Aerospace Corporation
Savannah, Georgia
Long Beach, California

Engaged in the design, development, production and sale of general aviation jet aircraft.

Electrospace Systems, Inc.
Richardson, Texas

Engaged in the design, manufacture and installation of command, control and communication systems, aircraft modifications, switching, and intelligence systems and technical services principally for the U.S. Department of Defense.

Chrysler Automotive Operations, Inc.
Chrysler Motors Corporation
Acustar, Inc.
American Motors Corporation
Automotive Financial Services, Inc.
Chrysler International Corporation
Chrysler Canada Ltd. (Canada)
Chrysler International S.A. (Switzerland)
Chrysler de Mexico S.A. (Mexico)
Chrysler Pentastar Aviation, Inc.
Chrysler Financial Corporation
Jeep Eagle Corporation

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Montreal Trust Company
Montreal and Toronto, Canada

Stock Exchange(s): New York, Midwest, Pacific, Philadephia, Montreal, Toronto, Paris, London, Frankfurt, Vienna, Geneva, Basel, Zurich, Toyko, Berlin, Munich, Amsterdam, Luxembourg

Ticker Symbol: C (New York)

Number of Employees:

1988	145,000	1985	107,850
1987	122,745	1984	100,435
1986	115,074		

Plant Footage: *

1988	77,131,500 sq. ft.	1985	57,092,500
1987	77,622,300	1984	55,788,400
1986	58,283,100		

* In United States only.

Sales & Earnings

		Net Sales + (000's)		Net Income ‡ + (000's)
1988	$	35,472,700	$	1,050,200
1987		29,257,900		1,289,700
1986		25,220,200		1,389,200
1985		22,955,300		1,610,100
1984		20,525,700		1,489,300

	No. of Com. Shares †		Earn. per Share ‡ †
1988	225,112,000	$	4.66
1987	218,612,000		5.90
1986	222,324,000		6.25
1985	261,426,000		6.16
1984	278,643,000		8.37

+ Of continuing operations only.
† Including extraordinary gain of $883,900,000 ($3.15 per share) in 1984.
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues by Line of Business
(000's)

		1988		1987
Car & truck	$	30,650,100	$	25,318,500
Financial services		3,524,800		2,907,900
Aerospace & electronics		1,316,200		971,800
Gen. corp. & elim.		(18,400)		59,700
Total	$	35,472,700	$	29,257,900

Common Stock

		Cash Dividend ‡	Stock Dividend	Stock Split
1988	$	1.00	—	—
1987		1.00	—	
1986		0.80	—	3-for-2
1985		0.44	—	3-for-2
1984		0.38	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

		Total Equity (000's)	Equity Per Share ‡
1988	$	7,582,000 †	33.68
1987		6,502,600 †	29.74
1986		5,281,000	23.47
1985		4,166,000	15.94
1984		3,282,000	11.78

† After allowing for preferred stock at par value.
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account
(000's)

Year ended Dec. 31		1988		1987
Net sales	$	31,884,200	$	26,279,100
Fin. services & other inc.		3,588,500		2,978,800
Total income	$	35,472,700	$	29,257,900
Cost of sales		27,019,100		21,531,600
Expenses		2,501,400		2,109,000
Depreciation & amortization		1,156,300		899,500
Pension benefit		585,300		476,200
Interest expense		2,453,200		2,061,900
Gain on eq. invest. trans.		(85,000)		—
Prov. for plant clos.		150,200		—
Inc. bef. taxes	$	1,692,200	$	2,179,700
Income taxes		642,000		890,000
Net Income	$	1,050,200	$	1,289,700

Assets
(000's)

As of Dec. 31		1988		1987
Cash & time deposits	$	1,643,800	$	1,702,100
Marketable securities		1,612,200		878,500
Finance & accts. receiv.		27,689,000		24,426,100
*Inventories		2,971,400		2,552,100
#Fixed assets		6,687,100		6,306,500
Special tools		2,465,200		2,462,800
Intangibles		2,687,800		2,296,000
Other assets		2,810,300		2,134,600
Total Assets	$	48,566,800	$	42,758,700

Liabilities
(000's)

Short-term debt	$ 10,511,200	$ 8,978,400
Accts. payable & accruals	9,139,100	7,996,200
Long-term debt	16,635,600	15,494,600
Other liabilities	2,463,900	1,810,600
Deferred inc. taxes	1,934,700	1,676,000
Minority interest	300,000	300,000
+Preferred stock	300	300
++Common stock	244,600	244,700
Add paid-in capital	2,376,300	2,374,300
Retained earnings	5,357,600	4,581,300
Treasury stock	(396,500)	(697,700)
Total Liabilities & Shareholders' Equity	$ 48,566,800	$ 42,758,700

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value; $2.375 cumulative convertible
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.31	8.29
%Net Income to Sales	3.29	4.91
%Net Income to Equity	13.85	19.83
Sales to Inventories	10.73	10.30
Debt to Equity	3.58	3.76
Shareholders' Equity	$ 7,582,300,000	$ 6,502,900,000

Cincinnati Milacron Inc.

4701 Marburg Avenue
Cincinnati, Ohio 45209
(513) 841-8100

Officers: James A. D. Geier, chairman & chief exec. officer; Daniel J. Meyer, president & chief operating officer; David E. Noffsinger, group v.p.; George T. Rehfeldt, v.p.; Alan L. Shaffer, group v.p.; Christopher C. Cole, group v.p.-machine tools; David A. Entrekin, group v.p.-industrial systems; Raymond E. Ross, v.p.-U.S. plastics machinery; D. Michael Clabaugh, v.p.-machine tool marketing; Theodore Mauser, v.p.-human resources; Richard C. Messinger, v.p. & chief technical officer; William E. Buchholz, v.p.-finance & treasurer; Robert P. Lienesch, controller; Wayne F. Taylor, secretary & corp. counsel; Ronald D. Brown, asst. treasurer & asst. secretary.

Directors: James A. D. Geier, chairman; Neil A. Armstrong, Edward W. Asplin, Thomas D. Bell, Jr., Clark Daugherty, Lyle J. Everingham, Donald N. Frey, Mary L. Good, Gilbert Geier McCurdy, Daniel J. Meyer, Joseph A. Steger.

Areas of Work: Engaged in the design, manufacture and sale of process equipment and systems for industry and of supplies and accessories generally sold for use in such systems. The Company has three principal segments of business: machine tools, plastics processing machinery and industrial specialty products.

Machine tool products include standard and special purpose metalcutting machine tools such as computer numerically controlled machining and turning centers and profiling machines, various types of grinding machines, general purpose and production milling machines, composite material and tape laying machines, contouring machines, and computer-controlled flexible manufacturing cells and systems, used in the aircraft, automotive, and off-the-road industries.

Plastic processing machinery products include plastics injection molding machines, multiple screw plastics extrusion machines, blow molded plastics bottle machines, plastics thermoforming machines, reaction injection molding machines and support equipment used in the bottling, automotive, medical and construction industries.

Industrial specialty products include robots, grinding wheels, metalworking fluids, silicon epitaxial wafers, electronic control systems, coordinate measurement and inspection systems, and industrial lasers.

Subsidiaries:

Cincinnati Milacron Marketing Co.

Amertool Services, Inc.

Amertool Services Corp.

Cincinnati Milacron Japan Ltd.

Cincinnati Milacron International Marketing Company

Coge AG (Switzerland)

Cincinnati Milacron Holding Gesellschaft mbH (Austria)

Cincinnati Milacron Austria Aktiengesselschaft

Cincinnati Milacron Handelsgesellschaft mbH (Austria)

Cincinnati Milacron U.K. Co.

Cincinnati Milacron Ltd.

LK Tool USA Inc.

LK Tool Co., Limited (England)

LK Tool Metrology Systems Limited (England)

LK Measurement & Control Systems Limited

Cincinnati Milacron B.V. (Netherlands)

N.V. Vlaardingse Hattschappijot Verhuur van Fabrieksgehouwen (Netherlands)

Cincinnati Milacron-Canada Ltd.

Cincinnati Milacron Commercial Corp.

Cincinnati Milacron Foreign Sales Corp. (Virgin Islands)

Cincinnati Milacron-Heald Corp.

Cincinnati Milacron Semiconductor Materials Inc.

Cincinnati Milacron S.r.l. (Italy)

The Factory Power Company

Sano Inc.
Passaic, New Jersey
Manufactures equipment to produce thin plastic films, which are used as packaging materials.

International Laser Machines Corporation
Indianapolis, Indiana
Manufactures laser machines and systems for industrial applications.

Transfer Agent(s):

Mellon Bank, N.A.
Four Station Square
Pittsburgh, Pennsylvania 15219-1173

Stock Exchange(s): New York, Cincinnati, Boston, Midwest

Ticker Symbol: CMZ

Number of Employees:

1988	8,371	1985	9,568
1987	9,253	1984	9,707
1986	9,592		

Plant Footage:

1988	N.A.	1986	5,302,438
1987	5,218,958 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income #
1988	$ 857,830,000	$ 37,089,000
1987	827,989,000	(79,973,000)
1986	849,994,000	23,328,000
1985	732,152,000	(44,767,000)
1984	660,517,000	18,731,000

	No. of Com. Shares	Earn. per Share #‡
1988	24,202,281	$ 1.52
1987	24,116,133	—
1986	23,598,643	0.98
1985	23,449,293	—
1984	23,430,000	0.80

(Loss)
# Including extraordinary gain of $12,114,000 ($0.50 per share) in 1988.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Machine tools	$ 361,300,000	$ 374,000,000
Plastics machinery	263,600,000	231,800,000
Industrial specialty prods.	232,900,000	222,200,000
Total	$ 857,800,000	$ 828,000,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.72	—	—
1987	0.72	—	
1986	0.72	—	—
1985	0.72	—	—
1984	0.72	—	—

Common Stock Equity

	Total Equity †	Equity Per Share
1988	$ 221,291,000	$ 9.14
1987	208,895,000	8.66
1986	283,143,000	12.00
1985	262,427,000	11.19
1984	306,920,000	13.10

† After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended	12/30/88	12/31/87
Net sales	$ 857,830	$ 827,989
Other income	4,013	13,616
Total income	$ 861,843	$ 841,605
Cost of sales	643,993	650,507
Expenses	152,090	150,844
Interest expense	22,048	27,007
Restruc. charges	—	4,261
Reorg. charges	—	83,000
Income (loss) before taxes	$ 43,712	$ (74,014)
Income taxes	18,737	5,959
Net Income (Loss)	$ 24,975	$ (79,973)
Extraord. gain	12,114	—
Net Income (Loss) & extraord. gain	$ 37,089	$ (79,973)

* Included in Costs and Expenses, Depreciation: $24,977,000 in 1988 and $30,214,000 in 1987.

Assets
(000's)

As of	12/30/88	12/31/87
Cash & market secur.	$ 17,868	$ 16,216
Notes & accts. receiv., net	235,823	244,683
*Inventories	254,070	275,506
Other curr. assets	20,155	17,159
Curr. Assets	$ 527,916	$ 553,564

Cincinnati Milacron Inc.

# Fixed assets		152,683		167,960
Other assets		40,881		38,579
Total Assets	$	721,480	$	760,103

Liabilities
(000's)

Amts. payable to banks	$	15,902	$	39,281
Long-term debt, curr.		4,386		4,833
Accts. payable		80,723		69,517
Adv. billings		35,224		30,788
Accruals		106,459		127,649
Income taxes		15,837		12,850
Curr. Liabilities	$	258,531	$	284,918
Long-term debt		182,122		191,930
Long-term accrued liab.		42,171		56,776
Deferred inc. taxes		11,365		11,584
+Preferred stock		6,000		6,000
++Common stock		24,202		24,116
Add. paid-in capital		88,968		87,865
Retained earnings		112,376		92,932
For. curr. trans. adjust.		(4,255)		3,982
Total Liabilities & Shareholders' Equity	$	721,480	$	760,103

* At lower of cost or market; U.S. inventories at LIFO; average or standard cost for foreign.
# Less accumulated depreciation and amortization.
+ $100 par value; 4% cumulative.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales		5.10		—
%Net Income to Sales		2.91		—
%Net Income to Equity		10.99		—
Sales to Inventories		3.38		3.01
Debt to Equity		0.89		1.10
Working Capital	$	269,385,000	$	268,646,000
Current Ratio		2.04		1.94
Shareholders' Equity	$	227,291,000	$	214,895,000

Ciprico Inc.

2955 Xenium Lane
Plymouth, Minnesota 55441
(612) 559-2034

Officers: Ronald B. Thomas, chairman of the board; Robert H. Kill, president & chief executive officer; James P. Henninger, v.p.-finance & administration, chief financial officer & secretary; Keith M. Stuessi, v.p.-marketing & sales.

Directors: Ronald B. Thomas, chairman of the board; Robert H. Kill, Sherman J. Kemmer, Douglas M. Pihl, Donald H. Soukup.

Areas of Work: Designs, manufactures and markets high-performance disk and tape controller boards for the microcomputer original equipment manufacturer market.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CFCI (NASDAQ)

Number of Employees:

1988	82	1986	80
1987	80		

Plant Footage:

1988	37,000 sq. ft.	1986	37,000
1987	37,000		

Sales & Earnings

		Net Sales		Net Income
1988	$	11,601,146	$	1,277,334
1987		8,272,559		(746,694)
1986		10,059,584		858,840
1985		8,171,392		821,208
1984		7,618,998		1,361,341

	No. of Com. Shares ‡		Earn. per Share ‡
1988	2,033,327	$	0.63
1987	2,169,550		—
1986	2,255,165		0.38
1985	2,263,944		0.36
1984	2,263,551		0.60

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	11-for-10

Common Stock Equity

		Total Equity		Equity Per Share ‡
1988	$	9,813,753	$	4.83
1987		9,016,031		4.16
1986		10,635,445		4.72
1985		9,753,265		4.31
1984		8,901,058		3.93

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30		1988		1987
Net sales	$	11,601,146	$	8,272,559
Cost of sales		4,098,123		2,870,422
Expenses		5,971,454		6,006,851
Loss on discont. line		—		1,037,109
Interest expense		4,456		6,908
Interest income		(418,932)		(405,356)
Other expense		32,711		58,319
Income (loss) before taxes	$	1,913,334	$	(1,301,694)
Income taxes (credit)		636,000		(555,000)
Net Income (Loss)	$	1,277,334	$	(746,694)

* Included in Costs and Expenses, Depreciation: $507,975 in 1988 and $597,281 in 1987.

Assets

As of Sept. 30		1988		1987
Cash & cash equiv.	$	2,519,150	$	4,138,234
Temp. cash invest.		4,065,878		969,960
Marketable securities		—		1,000,000
Accts. receiv., net		1,604,297		1,800,473
Refundable taxes		—		37,563
Other receivables		76,054		46,602
* Inventories		1,319,891		715,371
Deferred inc. tax benefits		—		473,000
Other curr. assets		71,760		37,838
Current Assets	$	9,657,030	$	9,219,041
# Fixed assets		1,098,706		1,039,555
Other assets		37,397		32,501
Total Assets	$	10,793,133	$	10,291,097

Liabilities

Accts. payable	$	272,598	$	585,081
Accrued costs -- discont. line		—		362,101
Accrued compensation		313,571		200,044
Income taxes pay.		303,508		—
Other accruals		73,703		40,840
Curr. Liabilities	$	963,380	$	1,188,066
Deferred inc. taxes		16,000		87,000
+ Common stock		19,688		6,107,244
Add. paid-in capital		5,607,944		—
Retained earnings		4,186,121		2,908,787
Total Liabilities & Shareholders' Equity	$	10,793,133	$	10,291,097

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value in 1988; no par value in 1987.

Statistical Summary

%Income bef. Taxes to Sales		16.49		—
%Net Income to Sales		11.01		—
%Net Income to Equity		13.02		—
Sales to Inventories		8.79		11.56
Working Capital	$	8,693,650	$	8,030,975
Current Ratio		10.02		7.76
Shareholders' Equity	$	9,813,753	$	9,016,031

Clary Corporation

320 West Clary Avenue
San Gabriel, California 91776
(818) 287-6111

Officers: , John G. Clary, chairman; Donald G. Ash, president, chief exec. officer & treasurer; Paul Hurder, mgr.-Construction Automation Division; John J. Guerin, secretary; Jennie Slingeyer, asst. secretary.

Directors: John G. Clary, chairman; Donald G. Ash, John P. Clary, John J. Guerin, Hariand W. Gerds, Stephan L. Palmer, Jack Toppell.

Areas of Work: Manufactures and markets uninterruptible power systems; and cutting and assembly machinery and metal connector plates for use in the production of housing components.

Divisions:

Precision Instruments Division
320 West Clary Avenue
San Gabriel, California 91776

Construction Automation Division
Truss Connector Division
1801 S. Great Southwest Parkway
Grand Prairie, Texas

Transfer Agent(s):

First Interstate Bank
Los Angeles, California

Stock Exchange(s): Pacific

Ticker Symbol: CLY

Number of Employees:

1988	130	1987	120

Plant Footage:

1988	171,000 sq. ft.

Sales & Earnings

	Net Sales †	Net Income +
1988	$ 15,047,000	$ (153,000)
1987	13,735,000	231,000
1986	11,429,000	(754,000)
1985	11,437,000	(159,000)
1984	12,237,000	(170,000)

	No. of Com. Shares ‡	Earn. per Share ‡ +
1988	1,784,198	$ —
1987	1,780,198	0.13
1986	1,768,198	—
1985	1,767,997	—
1984	1,768,017	—

(Loss)
† Includes other income.
+ Including extraordinary gain of $85,000 ($0.05 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalent outstanding.

Revenues By Line of Business

	1988	1987
Precision instruments	$ 6,801,000	$ 5,102,000
Construction machinery	8,251,000	8,625,000
Corporate	(5,000)	8,000
Total	$ 15,047,000	$ 13,735,000

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1988	$ 2,321,000	$ 1.30
1987	2,477,000	1.39
1986	2,239,000	1.27
1985	2,996,000	1.69
1984	3,156,000	1.79

† After allowing for preferred stock at par value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 15,029,000	$ 13,704,000
Other income	18,000	31,000
Total income	$ 15,047,000	$ 13,735,000
Cost of sales	10,461,000	9,409,000
Eng. & prod. develop.	1,248,000	1,051,000
Selling expense	2,503,000	2,112,000
Gen. & adm. expense	711,000	723,000
Interest expense	276,000	208,000
Inc. (loss) bef. taxes	$ (152,000)	$ 232,000
Income taxes	1,000	86,000
Net Income (Loss)	$ (153,000)	$ 146,000
Extraord. gain	—	85,000
Net Income (Loss) & extraord. gain	$ (153,000)	$ 231,000

* Included in Costs and Expenses, Depreciation and Amortization: $310,000 in 1988 and $276,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 78,000	$ 238,000
Accts. receiv., net	2,147,000	1,995,000
*Inventories	2,440,000	2,894,000
Prepaid expenses	107,000	83,000
Current Assets	$ 4,772,000	$ 5,210,000
#Fixed assets	924,000	1,017,000
Other assets	51,000	33,000
Total Assets	$ 5,747,000	$ 6,260,000

Liabilities

Notes payable	$ 1,291,000	$ 1,113,000
Long-term debt, curr.	182,000	437,000
Accts. payable & accruals	1,251,000	1,328,000
Accrued payroll	219,000	245,000
Customer deposits	35,000	50,000
Curr. Liabilities	$ 2,978,000	$ 3,173,000
Long-term debt	72,000	222,000
Convert. subord. debt	290,000	290,000
Deferred income	30,000	42,000
+Preferred stock	56,000	56,000
++Common stock	2,485,000	2,485,000
Add. paid-in capital	5,106,000	5,106,000
Accum. deficit	(5,270,000)	(5,114,000)
Total Liabilities & Shareholders' Equity	$ 5,747,000	$ 6,260,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $5 par value; 5.50% cumulative convertible.
++ $1 par value.

Statistical Summary

%Income by Taxes to Sales	—	1.69
%Net Income to Sales	—	1.07
%Net Income to Equity	—	5.76
Sales to Inventories	6.16	4.74
Debt to Equity	0.77	0.70
Working Capital	$ 1,794,000	$ 2,037,000
Current Ratio	1.60	1.64
Shareholders' Equity	$ 2,377,000	$ 2,533,000

CMX Corporation

(Acquired by Chyron Corporation on January 31, 1989.)

2230 Martin Avenue
Santa Clara, California 95050
(408) 988-2000

Officers: Alfred O.P. Leubert, chairman & chief exec. officer; Lawrence Weiland, president & chief operating officer; Stanley D. Becker, v.p.-engineering; Richard G. Canfield, v.p.-operations; Craig M. Hutchison, treasurer, controller & secretary; Richard Sirinsky, v.p.-marketing & sales.

Directors: Michael H. Gault, Alfred O.P. Leubert, Lawrence Weiland, Leon Weissman.

Areas of Work: Engaged in the design, manufacture and installation of computer-assisted video, film and audio editing systems for network television facilities, educational and commercial television stations, governmental agencies, and post-production facilities that provide editorial services in support of television broadcast operations.

Number of Employees:

1988	113	1987	102

Plant Footage:

1988	33,000 sq. ft.	1987	33,000

Sales & Earnings

	Net Sales +	Net Income +
1988	$ 10,206,000	$ (980,000)
1987	12,119,000	1,077,000
1986	10,079,000	541,000
1985*	4,554,000	(1,012,000)
1984	9,716,000	(2,260,000)

	No. of Com. Shares	Earn. per Share †
1988	11,793,000	$ —
1987	7,994,000	0.143
1986	5,793,000	0.112
1985*	3,793,000	—
1984	3,793,000	—

(Loss)
* 6 months.
+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 5,949,000	$ 0.50
1987	4,599,000	0.58
1986	2,372,000	0.41
1985	1,044,000	0.11
1984	2,004,000	0.53

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 10,206,000	$ 12,119,000
Cost of sales	5,197,000	5,304,000
Expenses	5,629,000	5,273,000
Interest expense	360,000	351,000
Income (loss) bef. taxes	$ (980,000)	$ 1,191,000
Income taxes	—	114,000
Net Income (Loss)	$ (980,000)	$ 1,077,000

* Included in Costs and Expenses, Depreciation and Amortization: $264,000 in 1988 and $316,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 62,000	$ 250,000
Accts. receiv., net	3,501,000	4,089,000
*Inventories	5,059,000	3,891,000
Prepaid expenses	148,000	187,000
Current Assets	$ 8,770,000	$ 8,417,000
Net invest. in sales-type lease	—	424,000
Def. payment plan receiv.	1,682,000	—
#Fixed assets	595,000	563,000
Def. software develop. costs	1,078,000	714,000
Other assets	302,000	178,000
Total Assets	$ 12,427,000	$ 10,296,000

Liabilities

Notes payable	$ 2,775,000	$ 1,250,000
Accts. payable	1,852,000	1,813,000
Accruals	821,000	621,000
Accrued salaries and wages	250,000	307,000
Long-term debt, curr.	201,000	474,000
Curr. Liabilities	$ 5,899,000	$ 4,465,000
Long-term debt	162,000	1,232,000
Def. inc. of joint venture	417,000	—
+Common stock	17,409,000	15,079,000
Accumulated deficit	(11,460,000)	(10,480,000)
Total Liabilities & Shareholders' Equity	$ 12,427,000	$ 10,296,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	9.83
%Net income to Sales	—	6.16
%Net Income to Equity	—	16.22
Sales to Inventories	2.02	3.11
Debt to Equity	0.53	0.64
Working Capital	$ 2,871,000	$ 3,952,000
Current Ratio	1.49	1.89
Shareholders' Equity	$ 5,949,000	$ 4,599,000

Cognitronics Corporation

25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307

Officers: David H. Shepard, chairman and chief executive officer; Matthew J. Flanigan, president & chief operating officer; D. Clark Murphy, v.p.-gov't & OEM sales; Gerard Insolia, v.p.-engineering; Alton B. Duncanson, v.p.-support services; Harold F. Mayer, v.p.-administration, secretary & treasurer; Vincent J. Harrison, Jr., v.p.-Speechmaker sales.

Directors: David H. Shepard, chairman; Edward J. Gushue, William J. Lawless, Jr., Richard K. Van Nostrand, Edward S. Davis, Matthew J. Flanigan, Timothy P. Murphy, Ralph N. Palermo.

Areas of Work: The Company operates in two principal industries: computer related products and services, and manufacture of machined parts. The Company's computer related products and services division manufactures and markets Optical Character Recognition and Mark Read (OCR/OMR) equipment and voice response devices. The Company's machined parts division manufactures precision machined parts for the Company's computer related products and services division as well as other manufacturers. This includes the design and development of special tools, dies, and prototype parts, and the volume production of precision parts.

Divisions and Subsidiaries:

Scanning Systems Division
25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307

Speechmaker Division
25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307

Manufactures and markets hardware that allows telephone companies central offices and computers to provide direct voice response of the data retained in their stored memories.

Stamford Tool & Die-Customatic, Inc.
25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307

Manufactures machine parts and designs and develops special tools, dies, and phototype parts with heavy emphasis on high tolerance precision works.

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York

Stock Exchange(s): American

Ticker Symbol: CGN

Number of Employees:

1988	140	1986	185
1987	142	1985	211

Plant Footage:

1988	51,300 sq. ft.	1986	63,800
1987	50,400	1985	88,860

Sales & Earnings

	Revenues +	Net Income †
1988	$ 14,539,000	$ (509,000)
1987	15,930,000	632,000
1986	12,288,000	(2,902,000)
1985	15,001,000	(331,000)
1984	13,846,000	(1,859,380)

	No. of Com. Shares	Earn. per Share † ‡
1988	2,160,133	$ —
1987	2,156,503	0.29
1986	2,154,461	—
1985	2,145,057	—
1984	2,142,120	—

(Loss)
+ Includes net sales, rentals and other income; of continuing operations only.
† Including extraordinary gain of $299,000 ($0.14 per share) in 1987.
‡ Based on the average number of shares outstanding.

Revenues by Line of Business

	1988	1987
Computer rel. products & services	$ 10,951,000	$ 12,942,000
Machined parts	3,588,000	2,988,000
Total	$ 14,539,000	$ 15,930,000

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 7,046,000	$ 3.26
1987	7,546,000	3.50
1986	6,908,000	3.21
1985	9,782,000	4.56
1984	10,102,978	4.72

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 13,194,000	$ 14,377,000
Other income	1,345,000	1,553,000
Total income	$ 14,539,000	$ 15,930,000
Cost of sales & service	10,148,000	10,520,000
Expenses	4,353,000	4,002,000
Interest expense	137,000	199,000
Inc. (loss) bef. taxes	$ (99,000)	$ 1,209,000
Income taxes	14,000	601,000
Inc. (loss)-cont. oper.	$ (113,000)	$ 608,000
Loss-discont. oper.	(396,000)	(275,000)
Net Income (Loss)	$ (509,000)	$ 333,000
Extraord. gain	—	299,000
Net Income (Loss) & extraord. gain	$ (509,000)	$ 632,000

* Included in Costs and Expenses, Depreciation: $532,000 in 1988 and $567,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 274,000	$ 204,000
Accts. receiv., net	2,594,000	3,296,000
Accts. receiv. from divest.	—	555,000
*Inventories	3,978,000	3,686,000
Investments, curr.	127,000	217,000
Other curr. assets	185,000	213,000
Current Assets	$ 7,158,000	$ 8,171,000
Investments	53,000	243,000
≠Fixed assets	2,262,000	2,309,000
Deposits & other assets	266,000	584,000
Total Assets	$ 9,739,000	$ 11,307,000

Liabilities

Notes payable	$ 950,000	$ 1,855,000
Accts. payable	872,000	496,000
Income taxes	—	83,000
Accruals	713,000	1,038,000
Long-term debt, curr.	84,000	132,000
Curr. Liabilities	$ 2,619,000	$ 3,604,000
Long-term debt	74,000	157,000
+Common stock	433,000	432,000
Add. paid-in capital	12,930,000	12,922,000
Deficit	(6,317,000)	(5,808,000)
Total Liabilites & Shareholders' Equity	$ 9,739,000	$ 11,307,000

* At lower of cost (FIFO) or market.
≠ Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Net Income to Equity	—	4.41
Sales to Inventories	3.32	3.90
Debt to Equity	0.16	0.28
Working Capital	$ 4,539,000	$ 4,567,000
Current Ratio	2.73	2.27
Shareholders' Equity	$ 7,046,000	$ 7,546,000

Coherent, Inc.

3210 Porter Drive
P.O. Box 10321
Palo Alto, California 94303-0811
(415) 493-2111

Officers: James L. Hobart, chairman of the board & chief exec. officer; Henry E. Gauthier, president & chief operating officer; Robert J. Quillinan, v.p. & chief financial officer; Robert M. Gelber, v.p. & gen. mgr.-Components Group; Thomas M. Brunner, v.p. & gen. mgr.-Medical Group; Leonard C. DeBenedictis, v.p. & gen. mgr.-Laser Products Division; Franz T. Schulte, v.p.-human resources; Lawrence W. Sonsini, secretary; Dennis Sucek, treasurer & asst. secretary.

Directors: James L. Hobart, chairman; Franklin P. Johnson, Jr., Theo H. McCourtney, Jr., Henry E. Gauthier, Charles W. Cantoni, Thomas Sloan Nelsen.

Areas of Work: Design, manufacture and sale of commercial lasers, optics, accessories, and laser-based products for medical, construction, scientific and industrial markets.

Divisions and Subsidiaries:

Medical Group
3270 W. Bayshore Road
P.O. Box 10122
Palo Alto, California 94303
(415) 858-2250

Develops, manufactures and markets laser instruments used for ophthalmology and other medical specialties.

Components Group
2301 Lindbergh Street
Auburn, California 95603
(916) 823-9550

Manufactures optics and thin-film coatings, which consist of mirrors and lenses used for imaging and directing laser beams, laser accessories, such as power meters and spectrum analyzers, and electro-optical components.

Laser Products Division
3210 Porter Drive
P.O. Box 10321
Palo Alto, California 94303
(415) 493-2111

Manufactures ion, excimer and dye lasers for the scientific, industrial and OEM markets.

Lambda Physik GmbH
Postfach 2663
Hans Boeckler Strasse 12
D-3400 Gottingen, West Germany
(0551) 6938-0

Develops and manufactures excimer, CO2, and pulsed dye lasers.

Coherent General Japan Co., Ltd.
158-1 Matsugoh, Tokorozawa-shi
Saitama-ken 359, Japan
(0429) 45-0355

Coherent General, Inc. (83%-owned)
1 Picker Road
Sturbridge, Massachusetts 01566
(508) 347-2681

Develops and manufactures industrial laser products used in production applications in the automotive, electronics, aerospace and consumer industries.

Coherent (UK) Ltd.
Cambridge Science Park
Milton Road
Cambridge CB4 4FR, England
(0) 223 420501

Coherent General Ltd.
Cambridge Science Park
Milton Road
Cambridge CB4 4FR, England
(0) 223 420501

Coherent GmbH
Senefelder Street 10
D-6074 Rodermark 2
Ober-Roden, West Germany
(06074) 914-0

Lambda Physik
298 Great Road
Acton, Massachusetts 01720
(508) 263-1100

Coherent General GmbH
Hertzstrasse 6
8047 Munchen (Karlsfeld), West Germany
(08131) 902-0

Coherent General, S.A.R.L.
173, rue Benoit-Frachon
78500 Sartrouville, France
139 15 01 90

Coherent General S.A.
222 Ave. de Broqueville
B-1200 Brussels, Belgium
02-771-2166

Coherent Kowa, Ltd. (50%-owned)
24-3, Nishi-Hashimoto-1-chome
Sagamahara-shi, Kanagawa-ken, Japan
(0427) 71-1671

Laser Applications Ltd.
Gothenburg Way
Stockholm Road, Sutton Fields Ind. Estate
Hull, No. Humberside HU8 OYE, England
(0482) 831154

Manufactures carbon dioxide (CO2) surgical lasers and transversely excited atmospheric (TEA) CO2 laser marking systems.

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: COHR (NASDAQ)

Number of Employees:

1988	1,698	1985	1,523
1987	1,617	1984	1,303
1986	1,392		

Plant Footage:

1988	666,400 sq. ft.	1986	362,100
1987	644,900		

Sales & Earnings x

	Net Sales	Net Income
1988	$ 188,115,000	$ (1,321,000)
1987	159,024,000	(2,325,000)
1986	138,158,000	(873,000)
1985	131,680,000	7,431,000
1984	111,406,000	12,932,000

	No. of Com. Shares +	Earn. per Share #
1988	8,516,000	$ —
1987	8,129,000	—
1986	7,928,000	—
1985	7,820,000	0.92
1984	7,626,000	1.65

(Loss)
x Restated to reflect adoption of SFAS No. 96, "Accounting for income taxes."
+ Adjusted to reflect stock split.
# Based on weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Electro-optical prods.	$ 94,404,000	$ 88,091,000
Industrial prods.	35,443,000	32,962,000
Medical prods.	64,726,000	51,905,000
Intersegment sales	(6,458,000)	(13,934,000)
Total	$ 188,115,000	$ 159,024,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity x

	Total Equity	Equity Per Share †
1988	$ 83,112,000	$ 9.76
1987	82,493,000	10.15
1986	82,921,000	10.46
1985	80,418,000	10.28
1984	69,532,000	9.12

x Restated.
† Adjusted to reflect stock split.

Income Account*

Year ended	10/1/88	9/26/87‡
Net sales	$ 188,115,000	$ 159,024,000
Cost of sales	117,357,000	98,890,000
Expenses:		
Res. & develop.	19,670,000	17,959,000
Sell., gen. & adm.	49,680,000	40,008,000
Restructurings	1,887,000	—
Other income	(2,896,000)	(814,000)
Income before taxes	$ 2,417,000	$ 2,981,000
Income taxes	3,738,000	5,306,000
Net Loss	$ (1,321,000)	$ (2,325,000)

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $7,017,000 in 1988 and $4,913,000 in 1987.

Assets

As of	10/1/88	9/26/87‡
Cash	$ 12,603,000	$ 11,524,000
Short-term invest.	1,248,000	1,000,000
Accts. receiv., net	48,412,000	45,626,000
*Inventories	39,598,000	44,460,000
Prepaid expenses	1,435,000	1,373,000
Deferred taxes	5,881,000	1,949,000
Current Assets	$ 109,177,000	$ 105,932,000
#Fixed assets	29,153,000	26,363,000
Goodwill	10,109,000	9,808,000
Other assets	5,525,000	5,013,000
Total Assets	$ 153,964,000	$ 147,116,000

Liabilities

Notes payable	$ 14,158,000	$ 15,937,000
Long-term debt, curr.	633,000	1,838,000
Accounts payable	9,580,000	10,012,000
Accruals	14,338,000	10,452,000
Accrued payroll	7,773,000	7,261,000
Reserve for warranty	7,098,000	6,941,000
Deferred serv. income	5,292,000	3,602,000
Current Liabilities	$ 58,872,000	$ 56,043,000
Long-term debt	3,509,000	4,167,000
Def. gain on bldg. sale	3,474,000	4,244,000
Deferred inc. taxes	3,098,000	169,000
Minority interest	1,899,000	—
+Common stock	1,876,000	1,790,000
Add. paid-in capital	48,985,000	45,817,000
Notes receiv.-stock purch.	(552,000)	—
Retained earnings	31,172,000	32,493,000
Translation adj.	1,631,000	2,393,000
Total Liabilities & Shareholders' Equity	$ 153,964,000	$ 147,116,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.22 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.28	1.87
Sales to Inventories	4.75	3.58
Debt to equity	0.22	0.27
Working Capital	$ 50,305,000	$ 49,889,000
Current Ratio	1.85	1.89
Shareholders' Equity	$ 83,112,000	$ 82,493,000

Cohu, Inc.

5755 Kearny Villa Road
San Diego, California 92123-1170
(714) 277-6700

Officers: William S. Ivans, chairman; James W. Barnes, president and chief executive officer; Charles A. Schwan, v.p.-finance.

Directors: William S. Ivans, John E. Goode, Jr., Jack M. Keeney, Frank W. Davis, William N. Jenkins, Gene E. Leary, Raymond C. Sebold, James W. Barnes, Charles L. Blake.

Division:

Electronics Division
5725 Kearny Villa Road
San Diego, California 92123
(714) 277-6700

Major products include broadcast and closed-circuit TV systems, color film cameras, environmental, underwater and radiation-tolerant cameras, high resolution cameras, audio and video switching systems and voltage standards.

Cohu, Inc.

Subsidiaries:

Broadcast Microwave Services, Inc.
Manufactures microwave radios, antenna systems and support equipment used to transmit television video and audio signals.

Delta Design, Inc.
5755 Kearny Villa Road
San Diego, California 92113
(714) 292-5000
Supplies specialized electro-mechanical test equipment to the semiconductor industry.

FRL, Incorporated
1005 I Street
Los Banos, California 93635
(209) 826-3292
Supplier of metal detection equipment and cable fault location devices and related equipment to the public utility and construction industries, and highly portable metal detectors to prospectors and hobbyists.

Transfer Agent(s):

Security Pacific National Bank
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: COH

Number of Employees:

1988	361	1985	414
1987	349	1984	363
1986	377		

Plant Footage:

1988	142,700 sq. ft.	1986	142,700
1987	142,700		

Sales & Earnings

	Net Sales ‡	Net Income
1988	$ 33,573,000	$ 2,746,000
1987	29,812,000	1,867,000
1986	28,774,000	522,000
1985	30,398,749	1,082,164
1984	23,268,779	1,740,902

	No. of Com. Shares †	Earn. per Share †
1988	1,918,616	$ 1.43
1987	1,821,105	1.03
1986	1,820,332	0.29
1985	1,793,262	0.60
1984	1,739,256	1.00

‡ Includes other income; of continuing operations only.
† Based on the average number of shares outstanding.

Revenues By Line of Business

	1988	1987
Television cameras & equipment	$ 19,745,000	$ 14,930,000
Electronic test & detection apparatus	13,828,000	14,882,000
Total	$ 33,573,000	$ 29,812,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.24	—	—
1987	0.20	—	
1986	0.20	—	—
1985	0.20	—	—
1984	0.19	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 18,653,000	$ 9.84
1987	15,935,000	8.75
1986	14,423,000	7.92
1985	14,209,127	7.90
1984	13,399,459	7.51

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 33,573,000	$ 29,812,000
Interest income	57,000	—
Total income	$ 33,630,000	$ 29,812,000
Cost of sales	20,931,000	18,677,000
Expenses	8,553,000	8,051,000
Interest expense	—	17,000
Income before taxes	$ 4,146,000	$ 3,067,000
Income taxes	1,400,000	1,200,000
Net Income	$ 2,746,000	$ 1,867,000

* Included in Costs and Expenses, Depreciation and Amortization: $658,000 in 1988 and $636,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & short-term invest.	$ 3,205,000	$ 815,000
Accts. receiv., net	4,678,000	5,636,000
*Inventories	8,698,000	8,019,000
Prepaid expenses	290,000	252,000
Current Assets	$ 16,871,000	$ 14,722,000
#Fixed assets	4,897,000	4,993,000
Intangibles	422,000	448,000
Other assets	40,000	43,000
Total Assets	$ 22,230,000	$ 20,206,000

Liabilities

Accts. payable	$ 1,171,000	$ 1,499,000
Accrued payroll	660,000	561,000
Accrued taxes	144,000	138,000
Other accruals	596,000	549,000
Income taxes	124,000	366,000
Commissions payable	292,000	388,000
Curr. Liabilities	$ 2,987,000	$ 3,501,000
Deferred inc. taxes	590,000	770,000
+ Common stock	1,896,000	1,822,000
Add. paid-in capital	3,823,000	3,478,000
Retained earnings	12,934,000	10,635,000
Total Liabilities & Shareholders' Equity	$ 22,230,000	$ 20,206,000

* At lower of average cost and market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.35	10.29
%Net Income to Sales	8.18	6.26
%Net Income to Equity	14.72	11.72
Sales to Inventories	3.86	3.72
Working Capital	$ 13,884,000	$ 11,221,000
Current Ratio	5.65	4.21
Shareholders' Equity	$ 18,653,000	$ 15,935,000

Colt Industries Inc

430 Park Avenue
New York, New York 10022
(212) 940-0400

(The Company became a privately held corporation via a leveraged buy-out, as of June 10, 1988. The Company's notes and debentures are publicly traded.)

Officers: David I. Margolis, chairman, president & chief exec. officer; Anthony J. diBuono, sr. v.p., general counsel & secretary; Andrew C. Hilton, exec. v.p.; C. Edward Warner, exec. v.p.; Salvatore J. Cozzolino, exec. v.p. & treasurer; Phil Berkowitz, sr. v.p.; Joseph P. Lisa, sr. v.p. & controller; James J. McHugh, v.p.-labor relations; Henry J. Thiele, group v.p.; George W. Townsend, group v.p.; Peter H. Wieschenberg, v.p.-risk management & corp. services; Julius Levinson, v.p.-taxes; Paul G. Schoen, v.p.-accounting.

Directors: David I. Margolis, chairman; Salvatore J. Cozzolino, Andrew C. Hilton, Allan W. Karp, Thomas A. Saunders, III, Charles W. Tate.

Divisions:

Industrial

Fairbanks Morse Engine
701 Lawton Avenue
Beloit, Wisconsin 53511
(608) 364-4411
Diesel engine generator systems for standby, peaking, and continuous service/Diesel engines for industrial drives/Marine diesel propulsion systems and generator systems.

Central Moloney Transformer
200 East 11th Avenue
Pine Bluff, Arkansas 71601
(501) 534-5332
Electrical distribution transformers, components.

Quincy Compressor
36th Street & Wismann Lane
Quincy, Illinois 62301
(217) 222-7700
Reciprocating and helical screw air compressors.

Garlock Special Products
Suite 1250, Midtown Tower
Rochester, New York 14604
(716) 232-1400
Bearings, butterfly valves, plastomer products, and hydraulic/pneumatic cylinders.

France Compressor Products
104 Pheasant Run
Newtown, Pennsylvania 18940
(215) 968-5959
Reciprocal compressor seals, packings, valves.

Colt Firearms
P.O. Box 1868
Hartford, Connecticut 0[illegible]01
(203) 236-6311
Hunting rifles/Sporting, target, custom, and commemorative arms and accessories/Police, security, and military handguns/M16 military rifles.

Garlock Mechanical Packing
1666 Division Street
Palmyra, New York 14522
(315) 597-4811
Industrial seals, gasketing, expansion joints.

Automotive

Holley Automotive
11955 East Nine Mile Road
Warren, Michigan 48089
(313) 597-4000
Automotive carburetor, fuel injection systems, transmission components. Design, manufacture, and sale of OEM car and truck carburetors/Development of non-carburetor automotive fuel management systems.

Holly Replacement Parts
11955 East Nine Mile Road
Warren, Michigan 48089
(313) 497-4000
Replacement, performance carburetors, fuel injection systems; remanufactured carburetors; emissions control components.

Colt Automotive Products
1748 Northwood Drive
Troy, Michigan 48084
(313) 362-5300
Emission control air pumps, automotive oil pumps; components.

Stemco Truck Products
P.O. Box 1989
Longview, Texas 75606
(214) 758-9981
Truck wheel lubrication systems/Exhaust systems, replacement leaf springs, and automotive instrumentation.

Farnam Sealing Systems
1707 Northwood Drive
Troy, Michigan 48084
(313) 362-5457
Gaskets, gasket assemblies for automotive and industrial applications.

Fairbanks Morse Engine Accessories Operation
6402 Rockton Road
Roscoe, Illinois 61073
(815) 389-3660
Magnetos, ignition systems, other engine components.

Aerospace/Government

Menasco Aerosystems
P.O. Box 500
Euless, Texas 76039
(817) 283-4471
Military and commercial aircraft landing gear and shock mitigation systems.

Delavan Gas Turbine Products
P.O. Box 100
West Des Moines, Iowa 50265
(515) 274-1561
Gas turbine engine fuel injectors, components.

Chandler Evans Control Systems
Charter Oak Boulevard
West Hartford, Connecticut 06110
(203) 236-0651
Fuel pumps, fuel controls, and other gas turbine engine accessories and components/Aircraft and airframe valves/Missile flight control systems, valves and actuators.

Lewis Electronic Instrumentation
238 Water Street
Naugatuck, Connecticut 06770
(203) 729-5253
Aircraft electronic instrumentation systems.

Walbar Turine Components
Peabody Industrial Center
Peabody, Massachusetts 01960
(617) 532-2700
Jet engine turbine blades and vanes, compressor airfoils, discs, impellers, and related components.

International Operations

Menasco Aerospace Ltd.
1400 South Service Road, West
Oakville, Ontario L6L 5Y7, Canada
(416) 827-7777
Landing gear and flight controls for military and commercial aircraft/Helicopter rotor components/Flight control overhaul service.

Garlock of Canada Ltd.
66 Jutland Road
Toronto, Ontario M8Z 2H3, Canada
(416) 255-9114
Molded and extruded rubber products/Braided packings/Compressor and industrial engine components/Wheel lubrication and truck exhaust systems for heavy duty trucks.

Facilities:
Garlock Mechanical Packing Division, Toronto, Ontario; France Compressor Products Divsion, Brantford, Ontario; Stemco Truck Products Division, Mississauga, Ontario.

Walbar of Canada Inc.
1303 Aerowood Drive
Mississauga, Ontario L4W 2P6, Canada
Jet engine compressor blades and vanes.

Garlock AG
Industriestrasse 26/28
8152 Glattbrugg, Switzerland
Colt friction materials, truck transmission components.

Garlock Limited
North Way, Andover
Hampshire SP10 5HN, England
Seals, packings, truck wheel lubrication systems, compressor components.

Facilities:
Garlock Mechanical Packing and Stemco Truck Products Division, Newbury, Berkshire; France Compressor Products Divison, Andover, Hampshire.

Garlock S.A.
Torre dels Pardals, 23
Barcelona 26, Spain
Stemco truck products.

Garlock GmbH
Postfach 300 451
Scheffelstrasse 73
4000 Dusseldorf 30, West Germany
Seal, gasketing, valves, truck products, compressor components.

Facilities:
Garlock Valves & Industrial Plastics, and Stemco Truck Products, Neuss; France Compressor Products Division, Gross Gerau; Garlock Mechanical Packing Division, Dusseldorf.

Garlock de Mexico, S.A. de C.V.
Poniente 116, No. 571
Col. Industrial Vallejo
Delagacion Azcapotzalco 02300 Mexico, D.F.
Industrial packing and gasketing/Compressor components/TFE specialty products and molded rubber products.

Delavan Limited
Gorsey Lane, Widnes
Cheshire WA8 ORJ, England
Industrial, agricultural spray nozzles and other products.

Liard S.A.
49 Route National
F-59570 Bavay, France
Compressor and industrial engine components, truck wheel lubrication systems.

Garlock Pty. Ltd.
P.O. Box 54
Arncliffe, N.S.W. 2205, Australia
Seals, packings, hydraulic components.

Number of Employees:

1988	15,200
1987	16,600
1986	18,400
1985	19,700
1984	22,400

Plant Footage:

1988 ...... 8,274,000 sq. ft. 1987 8,215,000

NOTE: There is no established trading market for Colt's common equity which is entirely owned by Colt Holdings Inc.

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 1,656,099	$ 91,028
1987	1,641,596	75,045
1986	1,616,267	89,270
1985	1,579,325	138,033
1984	1,581,750	132,229

	No. of Com. Shares #	Earn. per Share #
1988	—	$ —
1987	36,127,000	2.15
1986	135,233,000	0.66
1985	167,647,000	0.82
1984	185,386,000	0.71

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Aerospace/Government	$ 760,000	$ 753,000
Automotive	488,000	453,000
Industrial	408,000	436,000
Total	$ 1,656,000	$ 1,642,000

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	0.10	—	8.3913-for-1
1985	0.30	—	—
1984	0.27	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share #
1988	$ (844,598)	$ —
1987	(968,924)	—
1986	(1,077,837)	—
1985	414,304	2.47
1984	343,719	1.85

(Deficiency)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 1,656,099	$ 1,641,596
Cost of sales	1,198,951	1,201,452
Expenses	188,047	189,402
Interest expense	161,999	181,478
Interest income	(2,959)	(5,911)
Gain on sale of affil.	(15,897)	(40,280)
Transaction fees	8,500	—
Income before taxes	$ 117,458	$ 115,455
Income taxes	26,430	40,410
Net Income	$ 91,028	$ 75,045

* Included in Costs and Expenses, Depreciation: $38,168,000 in 1988 and $38,894,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cert. of deposit	$ 17,380	$ 8,559
Marketable securities	6,300	—
Accts. and notes receiv., net	161,739	173,367
*Inventories	235,872	256,891
Deferred inc. taxes	28,934	32,189
Other curr. assets	9,994	10,283
Current Assets	$ 460,219	$ 481,289
#Fixed assets	287,128	291,085
Intangibles	154,329	159,386
Other assets	80,549	88,864
Total Assets	$ 982,225	$ 1,020,624

Liabilities
(000's)

Notes payable	$ 2,289	$ 12,689
Accts. payable	88,713	82,954
Accrued payroll	54,041	61,382
Accrued taxes	53,173	54,929
Accrued interest	19,690	20,784
Other accruals	50,048	47,112
Liab. of discont. oper.	6,183	7,253
Curr. Liabilities	$ 274,137	$ 287,103
Long-term debt	1,316,643	1,446,183
Minority interest	4,066	3,550
Deferred inc. taxes	59,013	62,405
Other liab.	114,819	125,662
Liab. of discont. oper.	58,145	64,645
+Common stock	—	6,429
Add. paid-in capital	—	14,036
Retained earnings (def.)	(852,043)	(827,569)
For. curr. trans. adjust.	7,445	468
Treasury stock	—	(162,288)
Total Liabilities & Shareholders' Equity	$ 982,225	$ 1,020,624

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.09	7.03
%Net Income to Sales	5.50	4.57
Sales to Inventories	7.02	6.39
Working Capital	$ 186,082,000	$ 194,186,000
Current Ratio	1.68	1.68
Shareholders' Equity (Deficiency)	$ (844,598,000)	$ (968,924,000)

Combustion Engineering, Inc.

900 Long Ridge Road
P.O. Box 9308
Stamford, Connecticut 06904
(203) 329-8771

Officers: Charles E. Hugel, chairman & chief exec. officer; George S. Kimmel, president & chief operating officer; Charles E. Barnett, v.p. & gen. counsel; William J. Connelly, v.p.-corp. and investor relations; Robert E. Kistner, v.p.-information systems & services; Robert H. Masson, v.p.-venture finance & international; Jack T. Sanderson, v.p.-corp. technology; Jeffrey S. Rubin, v.p.-finance; Dale E. Smith, v.p.-human resources & operations support; Bernard J. Garry, secretary; Preston E. Insley, controller; Fred R. Jones, treasurer.

Directors: Charles E. Hugel, chairman; Lucy Wilson Benson, Walter H. Helmerich, III, Charles E. Hugel, Robert M. Jenney, George S. Kimmel, Paul W. MacAvoy, Scott L. Probasco, Jr., Arthur J. Santry, Jr., Robert C. Seamans, Jr., Robert G. Stone, Jr., Kenneth J. Whalen, David R. Whitwam.

Areas of Work: The Company's operations are divided into three major segments: Power Generation, Process industries, and Public Sector and Environmental. Through its Power Generation segment, the Company provides engineering, maintenance, construction and project management services, fossil and nuclear steam systems, complete power generation plants, fluidized-bed combustors, hydropower and heat recovery equipment and services, and power plant emission control equipment and software to electric utilities, independent power projects, process and other industries. Through its Process Industries segment, the Company provides measurement and control systems, valves and instrumentation, pulping equipment, operating software and management services, specialty minerals and refractories, and screening, grinding and milling equipment to a variety of process industries. Through its Public Sector and Environmental segment, the Company provides resource recovery systems, hazardous waste cleanups and systems, mass transit engineering and environmental consulting services.

Subsidiaries:

Taylor Instrument
Provides process control systems and instrumentation, software and services used to control operations in a variety of plants in the process and power industries.

Sprout-Bauer Inc.
Supplies pulping machinery and aftermarket parts to the pulp and paper industries.

Lummus Crest Inc.
Design, engineering and construction services for large projects, chiefly in the petrochemical market.

AccuRay Corporation
650 Ackerman Road
Columbus, Ohio 43202
(614) 261-2000
Designs, manufactures and markets production measurement and control systems for the pulp and paper and other process industries.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
Shareholder Services Division
14th Floor - One New York Plaza
New York, New York 10081

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115

Stock Exchange(s): New York

Ticker Symbol: CSP

Number of Employees:

1988	28,832
1987	27,581
1986	24,149
1985	24,761
1984	27,642

Sales & Earnings

	Net Sales	Net Income
1988	$ 3,483,928,000	$ (245,173,000)
1987	3,042,074,000	56,560,000
1986	2,551,469,000	50,866,000
1985	2,407,658,000	(95,413,000)
1984	2,331,734,000	99,570,000

	No. of Com. Shares‡	Earn. per Share‡
1988	38,309,000	$ —
1987	36,645,000	1.54
1986	33,241,000	1.53
1985	33,193,000	—
1984	33,152,000	3.00

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Power generation	$ 1,663,843,000	$ 1,498,031,000
Process industries	1,546,455,000	1,283,218,000
Public sector & environmental	273,630,000	260,825,000
Total	$ 3,483,928,000	$ 3,042,074,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.00	—	—
1987	1.00	—	
1986	1.00	—	—
1985	1.42	—	—
1984	1.84	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 593,188,000	$ 15.33
1987	862,461,000	22.67
1986	686,879,000	20.65
1985	664,104,000	20.00
1984	795,787,000	24.00

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 3,483,928	$ 3,042,074
Cost of sales	3,338,140	2,585,820
Expenses	379,300	322,633
Equity loss (inc.)	(4,558)	24,824
Dividend income	(4,274)	(2,728)
Interest expense	61,352	44,632
Interest earned on secur.	(17,174)	(13,024)
Other income	(29,632)	(20,545)
Income (loss) bef. taxes	$ (239,226)	$ 100,462
Income taxes	5,947	43,902
Net Income (Loss)	$ (245,173)	$ 56,560

* Included in Costs and Expenses, Depreciation and Amortization: $110,064,000 in 1988 and $88,652,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short term invest.	$ 157,852	$ 151,240
Accts. receiv., net	658,342	629,775
*Inventories	490,173	488,136
Prepaid expenses	25,067	23,889
Deferred inc. taxes	—	103,397
Current Assets	$ 1,331,434	$ 1,396,437
Investments	344,645	353,415
\#Fixed assets	571,369	630,064
Defer. charges	76,636	72,160
Intangibles	221,751	251,654
Total Assets	$ 2,545,835	$ 2,703,730

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 120,717	$ 77,848
Accts. payable	267,328	188,787
Accruals	753,370	653,375
Advance payments	395,244	390,878
Income taxes	65,461	43,334
Curr. Liabilities	$ 1,602,120	$ 1,354,222
Long-term debt	316,046	293,957
Deferred inc. taxes	20,779	175,322
Other liabilities	13,702	17,768
+Common stock	268,737	254,437
Retained earnings	335,991	619,573
Cum. trans. adjust.	(10,844)	(10,887)
Treasury stock	(696)	(662)
Total Liabilities & Shareholders' Equity	$ 2,545,835	$ 2,703,730

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.30
%Net Income to Sales	—	1.86
%Net Income to Equity	—	6.56
Sales to Inventories	7.11	6.23
Debt to Equity	0.53	0.43
Working Capital	—	$ 42,215,000
Current Ratio	—	1.03
Shareholders' Equity	$ 593,188,000	$ 862,461,000

Commodore International Limited

Executive offices:

1200 Wilson Drive
West Chester, Pennsylvania 19380
(215) 431-9100

Registered office:
Sasson House, Shirley and Victoria Streets
P.O. Box N-10256
Nassau, Bahamas

Officers: Irving Gould, chairman of the board & chief executive officer; Henri Rubin, executive v.p. & chief operating officer; Joseph C. Benedetti, v.p., general counsel & secretary; Harald Speyer, vice president-Europe; Mikio Izumi, vice president-Japan; David Spiers, vice president-Far East; Max E. Troy, v.p.-U.S.; Christopher Tompkins, v.p.-manufacturing; Thomas H. Matson, v.p. & controller; Carden N. Welsh, treasurer.

Directors: Irving Gould, chairman; Burton Winberg, Ralph D. Seligman, Alexander M. Haig, Jr., Robert A. Utting, Mehdi R. Ali.

Areas of Work: Manufactures advanced microcomputer systems and semiconductor components.

Subsidiaries:

Commodore AB
Fagerstavaegen 7
Lunda Inustriomrade
Spanga, Sweden

Commodore A.G.
Langenhagstrasse 1
CH-4147 Aesch, Switzerland

Commodore B.V.
Kabelweg 88
1014 BC Amsterdam, Netherlands

Commodore S.A.
Valencia 47-53
Barcelona, Spain

Commodore-Amiga, Inc.
1200 Wilson Drive
West Chester, Pennsylvania 19380

Commodore Buromaschinen GmbH
Lyoner Strasse 38
Postfach 710126
6000 Frankfurt 71, West Germany

Ernst-Amme-Strasse 24-26
3300 Braunschweig, West Germany

Commodore Buromaschinen (Austria) GmbH
Kinskygasse 40-44
A1232 Vienna, Austria

Commodore Business Machines, Inc.
1200 Wilson Drive
West Chester, Pennsylvania 19380

Commodore Business Machines Limited
3470 Pharmacy Avenue
Agincourt, Ontario M1W 3G3, Canada

Commodore Business Machines U.K. Limited
The Switchback Gardner Road
Maidenhead Berkshire, United Kingdom

Commodore Business Machines (Asia Pacific) Ltd.
2-12 Wing Kei Road
Kwai Chung, New Territories, Hong Kong

Commodore Business Machines Pty. Ltd.
67 Mars Road
Land Cove
New South Wales 2066, Australia

Commodore Computers Norge A/S
Postboks 109
Okern, N-0509
Oslo 5, Norway

Commodore Computers N.V./S.A.
Europalaan 74
B-1940 St. Stevens-Woluwe, Belgium

Commodore Data A/S
Jens Juuls Vej 42
DK 8260 Viby J, Denmark

Commodore Electronics Limited
Sassoon House
Shirley and Victoria Streets
P.O. Box N-10256
Nassau, Bahamas

Commodore Centre
2-12 Wing Kei Road
Kwai Chung, New Territories, Hong Kong

Langenhagstrasse 1
CH-4147 Aesch, Switzerland

Lyonner Strasse 38
Postfach 710126
6000 Frankfurt 71, West Germany

Commodore Electronics (Taiwan) Limited
No. 8 San Min Road
Tu Cheng Industrial Zone
Taipei Hsien, Taiwan, Republic of China

Commodore France S.A.R.L.
150-152 Av de Verdun
92130-Issy Les Moulneaux
Paris, France

Commodore Italiana S.p.A.
Via Fratelli Gracchi 48
20092 Cinisello Balsamo
Milano, Italy

Commodore Japan Ltd.
Sumitomo Higashi-Shimbashi, Bldg. No. 2
12-7 Higashi-Shimbashi 2-Chome
Minato Ku, Tokyo 105, Japan

Commodore Semiconductor Group
950 Rittenhouse Road
Norristown, Pennsylvania 19403

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: CBU

Plant Footage:

1988 .... 1,152,727 sq. ft

Sales & Earnings

	Net Sales	Net Income †
1988	$ 871,100,000	$ 55,800,000
1987	806,700,000	28,600,000
1986	889,300,000	(127,900,000)
1985	883,100,000	(113,900,000)
1984	1,267,200,000	143,800,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	31,768,000	$ 1.75
1987	32,144,000	0.89
1986	31,278,000	—
1985	31,142,000	—
1984	30,859,000	4.66

(Loss)
† Including extraordinary gains of $7,600,000 ($0.24 per share) in 1988 and $6,000,000 ($0.18 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 200,300,000	$ 6.31
1987	145,000,000	4.51
1986	105,000,000	3.36
1985	222,500,000	7.14
1984	324,400,000	10.51

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended June 30	1988	1987
Net sales	$ 871,100	$ 806,700
Cost of sales	603,200	594,300
Expenses:		
Selling & adv.	120,100	95,300
Gen. & adm.	40,700	42,900
Res. & develop.	15,400	16,400
Amort. of acq. tech.	7,900	7,900
Restruc. charges	—	2,300
Interest expense	16,900	18,100
Other income	(700)	(2,900)
Income before taxes	$ 67,600	$ 32,400
Income taxes	19,400	9,800
Net Income	$ 48,200	$ 22,600
Extraord. gain	7,600	6,000
Net Income & extraord. gain	$ 55,800	$ 28,600

* Included in Costs and Expenses, Depreciation and Amortization: $26,200,000 in 1988 and $30,200,000 in 1987.

Assets
(000's)

As of June 30	1988	1987
Cash & cash equiv.	$ 78,000	$ 49,000
Accts. receiv., net	168,900	167,000
*Inventories	241,000	193,300
Other curr. assets	7,200	7,300
Current Assets	$ 495,100	$ 416,600
#Fixed assets	67,100	76,200
Acq. technology	7,900	15,800
Other assets	8,400	8,900
Total Assets	$ 578,500	$ 517,500

Liabilities
(000's)

	1988	1987
Bank debt	$ 42,600	$ 19,500
Long-term debt, curr.	3,900	43,600
Accts. payable	105,400	75,700
Accruals	49,000	35,600
Taxes payable	45,500	45,900
Curr. Liabilities	$ 246,400	$ 220,300
Long-term debt	130,000	149,600
Deferred inc. taxes	1,800	2,600
+Common stock	300	300
Add. paid-in capital	32,600	32,300
Retained earnings	173,300	117,500
Cum. trans. adjust.	(3,600)	(2,500)
Unearned compensation	(1,600)	(2,100)
Treasury stock	(700)	(500)
Total Liabilities & Shareholders' Equity	$ 578,500	$ 517,500

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 stated value.

Statistical Summary

%Income bef. Taxes to Sales	7.76	4.02
%Net Income to Sales	5.53	2.80
%Net Income to Equity	24.06	15.59
Sales to Inventories	3.61	4.17
Debt to Equity	0.88	1.47
Working Capital	$ 248,700,000	$ 196,300,000
Current Ratio	2.01	1.89
Shareholders' Equity	$ 200,300,000	$ 145,000,000

Communications Satellite Corporation

950 L'Enfant Plaza S.W., Washington D.C. 20024
(202) 863-6000

Officers: Irving Goldstein, chairman, chief executive officer & president; Joel R. Alper, president-COMSAT Systems Div.; Susan Mayer, v.p.-corporate development; Bruce L. Crockett, president-World Systems Division; Robert J. Perry, v.p. & chief financial officer; Robert W. Baumann, v.p.-human resources and organization development; Daniel F. Thomas, controller; Willard R. Nichols, v.p. & general counsel; John V. Evans, v.p. & dir.-COMSAT Laboratories; Richard L. McGraw, v.p.-corp. affairs; Jerome W. Breslow, v.p. & secretary; Margarita K. Dilley, treasurer; David P. Beddow, v.p. & chief strategic officer.

Directors: Joseph V. Charyk, Melvin R. Laird, Bruce G. Sundlun, Frederick B. Dent, E. Pendleton James, Irving Goldstein, Michael A. McManus, Jr., Walter A. Fallon, Robert G. Schwartz, Arthur Hauspurg, Peter W. Likins, Thomas C. Griscom, Howard M. Love, Roscoe Robinson, Jr..

Areas of Work: COMSAT, the Communications Satellite Corporation, provides satellite-based communications services and products to the international, maritime and U.S. domestic markets.

Subsidiaries:

COMSAT General Corporation
950 L'Enfant Plaza S.W., Washington D.C. 20024
(202) 863-6000

Engaged in maritime and domestic U.S. satellite communications programs, and provides worldwide technical service.

INTELSAT Satellite Services
950 L'Enfant Plaza, S.W., Washington D.C. 20024
(202) 863-6000

Provides international satellite communications services using the satellite systems of the International Telecommunications Satellite Organization (INTELSAT).

COMSAT Laboratories
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-4000

Performs research and development in the area of satellite communications technology.

COMSAT Video Enterprises, Inc.
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-4000

Owns and operates a satellite network which provider entertainment and videoconferencing services to the lodging industry in the U.S.

COMSAT Maritime Services
950 L'Enfant Plaza, S.W., Washington D.C. 20024
(202) 863-6000

Provides a full range of communications services to the shipping and offshore industries.

COMSAT Maritime Services
One Angel Court, 11th Floor
London EC2R 7HJ, United Kingdom
(44)1 796 3074

Transfer Agent(s):

American Transtech Inc.
8000 Baymeadows Way
Jacksonville, Florida 32256

Stock Exchange(s): New York, Midwest, Pacific, Basle, Geneva, Zurich

Ticker Symbol: CQ

Number of Employees:

1988	1,285
1987	1,475
1986	2,342
1985	2,667
1984	3,084

Sales & Earnings

	Revenues +	Net Income
1988	$ 358,864,000	$ 61,913,000
1987	333,651,000	(47,273,000)
1986	304,917,000	58,948,000
1985	307,155,000	(41,527,000)
1984	271,507,000	51,165,000

	No. of Com. Shares	Earn. per Share #
1988	18,505,628	$ 3.35
1987	18,437,191	—
1986	18,338,063	3.22
1985	18,115,473	—
1984	18,093,186	2.83

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
International	$ 247,521	$ 225,447
Systems	59,955	73,316
Video entertainment	44,939	30,041
Eliminations	6,449	4,847
Total	$ 358,864	$ 333,651

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.26	—	—
1987	1.20	—	
1986	1.20	—	—
1985	1.20	—	—
1984	1.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 552,508,000	$ 29.86
1987	512,306,000	27.79
1986	579,131,000	31.58
1985	536,394,000	29.61
1984	599,228,000	33.12

Income Account
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 358,864	$ 333,651
Cost of sales	163,912	153,037
Depreciation & amortization	77,252	72,559
Expenses	36,952	42,717
Restruc. exp.	—	22,498
Operating profit	$ 80,748	$ 42,840
Other income	(9,113)	(13,351)
Interest expense	5,048	11,196
Prov. for rate order	—	38,755
Merger term. costs	—	5,965
Inc. bef. taxes	$ 84,813	$ 275
Inc. taxes (credit)	22,900	(17,551)
Inc. - cont. oper.	$ 61,913	$ 17,826
Loss - discont. oper.	—	(65,099)
Net Income (Loss)	$ 61,913	$ (47,273)

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. investment	$ 59,833	$ 131,452
Accts. receiv., net	82,248	67,777
Refund inc. taxes	1,858	4,577
Deferred inc. taxes	17,646	22,140
Other curr. assets	14,508	15,837
Current Assets	$ 176,093	$ 241,783
Investments	4,146	3,786
#Fixed assets	936,414	818,216
Other assets & intangibles	46,038	45,846
Total Assets	$ 1,162,691	$ 1,109,631

Liabilities
(000's)

Accts. payable	$ 27,767	$ 35,562
Prov. for rate order	—	38,755
Accruals	58,913	54,712
Income taxes	2,463	2,896
Net liab.-discont. oper.	6,030	7,925
Curr. Liabilities	$ 95,173	$ 139,850
Long-term debt.	369,230	327,074
Deferred inc.	70,572	73,410
Deferred inc. taxes & invest. tax credits	75,199	56,991
+Common stock	243,276	241,757
Retained earnings	343,870	305,187
Treasury stock	(34,638)	(34,638)
Total Liabilities & Shareholders' Equity	$ 1,162,691	$ 1,109,631

# Less accumulated depreciation.
+ No par value.

Statistical Summary

% Income bef. Taxes to Sales	23.63	—
% Net Income to Sales	17.25	—
%Net Income to Equity	11.21	—
Debt to Equity	0.67	0.64
Working Capital	$ 80,920,000	$ 101,933,000
Current Ratio	1.85	1.73
Shareholders' Equity	$ 552,508,000	$ 512,306,000

Compugraphic Corporation

200 Ballardvale Street
Wilmington, Massachusetts 01887
(617) 658-5600

NOTE: Acquired by Agfa-Gevaert, Inc., Ridgefield Park, NJ, which is an indirect, wholly owned subsidiary of Bayer AG of West Germany.

Officers: Carl E. Dantas, president & chief executive officer; Fred J. Butler, sr. v.p.-finance & treasurer; David E. Costa, v.p.-corporate & product planning; Vincent M. Kaseta, sr. v.p.-human resources; David D. Lundquist, sr. v.p.-business development group; John M. Duker, sr. v.p.-sales & marketing; Frank J. Perpiglia, sr. v.p.-engineering division; Richard Renwick, sr. v.p.-operations; Donald C. Wile, sr. v.p.-graphics products group; James J. McTeague, v.p.-quality & customer satisfaction; Thomas E. Kerr, clerk & general counsel; Raymond A. Melillo, asst. treasurer.

Directors: Johan Bisschops, George M. Berman*, Robert A. M. Coppenrath*, Carl E. Dantas*, Paul De Pelsmaker, Etienne DeWolf, Hans-Jurgen Mohr, John K. Spring, Konrad M. Weis.

* Member of the Executive Committee

Areas of Work: Develops, manufactures and markets computerized composition and text management systems.

Number of Employees:

1987	4,139	1984	5,129
1986	3,992	1983	4,487
1985	4,571		

Plant Footage:

1987	1,104,000 sq. ft.	1984	1,191,000
1986	N.A.	1983	801,000
1985	1,130,000		

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income
1987	$ 367,081,000	$ 10,083,000
1986	341,082,000	3,385,000
1985	400,807,000	21,797,000
1984	391,238,000	24,390,000
1983	318,363,000	16,903,000

	No. of Com. Shares	Earn. per Share #
1987	8,364,000	$ 1.20
1986	8,336,000	0.41
1985	8,314,000	2.63
1984	8,056,000	2.93
1983	8,120,000	2.04

# Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.60	—	—
1986	0.60	—	
1985	0.60	—	—
1984	0.55	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 198,987,000	$ 23.79
1986	193,520,000	23.21
1985	194,693,000	23.42
1984	172,766,000	21.45
1983	156,642,000	19.29

Income Account *
(000's)

Year ended	1/2/88	1/3/87
Revenues	$ 367,081	$ 341,082
Cost of sales	196,733	188,833
Expenses:		
Sell., gen., & admin.	109,456	104,198
Eng., res., & develop.	40,144	38,532
Emp. profit sharing	1,724	579
Interest expense	1,969	1,576
Other expense (income)	1,543	(173)
Writedown of intangible	—	2,329
Inc. before taxes	$ 15,512	$ 5,208
Inc. taxes	5,429	1,823
Net Income	$ 10,083	$ 3,385

* Included in Costs and Expenses, Depreciation and Amortization: $16,753,000 in 1987 and $19,673,000 in 1986.

Assets
(000's)

As of	1/2/88	1/3/87
Cash & market. secur.	$ 29,979	$ 26,021
Accts. receiv., net	48,146	38,461
Note receivable	14,000	14,000
*Inventories	92,652	73,859
Invest. in sales-type leases	28,963	24,840
Other curr. assets	16,065	6,014
Current Assets	$ 229,805	$ 183,195
Investments in sales-type leases	55,955	55,209
Invest in leases sold	9,985	—
#Fixed assets	78,380	74,787
Other assets	3,715	4,625
Total Assets	$ 377,840	$ 317,816

Liabilities
(000's)

Notes payable	$ 26,712	$ 4,565
Long-term debt, curr.	2,145	1,876
Accts. payable	20,445	10,071
Cust. deposits	769	1,228
Accruals	43,051	48,684
Other curr. liab.	7,871	—
Curr. Liabilities	$ 100,998	$ 66,424
Long-term debt	23,305	25,450
Oblig. of leases sold	11,545	—
Deferred inc. taxes	29,723	20,031
Other liab.	1,144	2,191
+ Common stock	419	419
Add. paid-in capital	73,739	73,519
Cum. trans. adjust.	131	121
Retained earnings	125,513	121,195
Treasury stock	(815)	(1,734)
Total Liabilities & Shareholders' Equity	$ 377,840	$ 317,816

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.23	1.53
%Net Income to Sales	2.75	0.99
%Net Income to Equity	5.07	1.75
Sales to Inventories	3.96	4.62
Debt to Equity	0.26	0.16
Working Capital	$ 128,807,000	$ 116,771,000
Current Ratio	2.28	2.76
Shareholders' Equity	$ 198,987,000	$ 193,520,000

Computer Automation, Inc.

2181 Dupont Drive
Irvine, California 92715
(714) 833-8830

Officers: George Pratt, chairman & chief executive officer; Douglas L. Cutsforth, president & chief operating officer; William L. Osmundsen, v.p.-finance, chief financial officer & treasurer; Ira L. Robinson, v.p., secretary & general counsel.

Directors: Richard Berten, George Pratt, Harold R. Frank, R.C. Mercure, Jr., Douglas L. Cutsforth, Johan F. Blokker.

Areas of Work: Manufactures, markets and services high-performance automatic test systems for testing electronic printed circuit boards, digital minicomputers and microcomputers and their associated memories, communications and peripheral subsystems.

Subsidiaries:

Computer Automation Limited
Millfield House
Croxley Centre, Woodshots Meadow
Watford, Hertfordshire WD1 8YZ England
44-923-55011

Computer Automation Ireland Limited
Clonshaugh Industrial Estate
Coolock
Dublin 5, Ireland
353-1-471111

Acquisition:

Talon Technology Corporation
1819 Firman Drive, Suite 137
Richardson, Texas 75081
(214) 680-9913

Manufactures high-speed data communications coprocessors, data transmission systems, ruggedized microcomputers, and facsimile subsystems for sale in the defense, petroleum and general communications industries.

Transfer Agent(s):

U.S. Stock Transfer Corp.
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CAUT (NASDAQ)

Number of Employees:

1988	249	1985	499
1987	248	1984	910
1986	241		

Plant Footage:

1988	112,500 sq. ft.	1985	161,000
1987	161,000	1984	363,500
1986	161,000		

Sales & Earnings

	Revenues †	Net Income
1988	$ 21,504,000	$ (1,294,000)
1987	20,900,000	1,419,000
1986	20,416,000	(3,851,000)
1985	40,451,000	(12,705,000)
1984	41,681,000	(7,795,000)

	No. of Com. Shares +	Earn. per Share +
1988	2,151,080	$ —
1987	2,153,722	0.66
1986	2,059,025	—
1985	2,060,575	—
1984	2,061,261	—

(Loss)
† Of continuing operations only.
+ Based on the weighted average number of shares outstanding assuming full dilution.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 8,027,000	$ 3.41
1987	7,336,000	3.41
1986	5,847,000	2.84
1985	9,709,000	4.71
1984	22,414,000	10.87

+ Based on the weighted average number of shares outstanding assuming full dilution.

Income Account *

Year ended June 30	1988	1987
Revenues	$ 21,504,000	$ 20,900,000
Cost of prods. & svcs.	12,560,000	10,033,000
Expenses	10,553,000	9,770,000
Interest income	(346,000)	(334,000)
Other expense	31,000	125,000
Gain on lease term.	—	(223,000)
Income (loss) bef. taxes	$ (1,294,000)	$ 1,529,000
Income taxes	—	110,000
Net Income (Loss)	$ (1,294,000)	$ 1,419,000

* Included in Costs and Expenses, Depreciation and Amortization: $496,000 in 1988 and $ 562,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 161,000	$ 649,000
Accts. receiv., net	6,480,000	5,327,000
Notes receivable	713,000	734,000
*Inventories	4,051,000	3,413,000
Prepaid expenses	138,000	208,000
Current Assets	$ 11,543,000	$ 10,331,000
#Fixed assets	822,000	907,000
Capitalized software	216,000	—
Notes receivable	1,911,000	2,396,000
Goodwill	545,000	—
Other assets	79,000	65,000
Total Assets	$ 15,116,000	$ 13,699,000

Liabilities

	1988	1987
Note payable	$ 2,096,000	$ —
Debenture payable	—	1,500,000
Long-term debt, curr.	59,000	70,000
Accts. payable	2,954,000	2,096,000
Accruals	1,716,000	2,213,000
Curr. Liabilities	$ 6,825,000	$ 5,879,000
Long term debt & cap. lease oblig.	—	64,000
Deferred income	37,000	78,000
Other liabilities	227,000	342,000
+ Common stock	237,000	208,000
Add. paid-in capital	11,419,000	9,577,000
Retained earnings (def.)	(3,402,000)	(2,108,000)
Note receivable	(227,000)	(341,000)
Total Liabilities & Shareholders' Equity	$ 15,116,000	$ 13,699,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Revenues	—	7.32
%Net Income to Revenues	—	3.76
%Net Income to Equity	—	10.71
Debt to Equity	0.26	0.21
Working Capital	$ 4,718,000	$ 4,452,000
Current Ratio	1.69	1.76
Shareholders' Equity	$ 8,027,000	$ 7,336,000

Computer Communications, Inc.

2610 Columbia Street
Torrance, California 90503
(213) 320-9101

Officers: Henry D. Epstein, chairman & chief exec. officer; Raymond E. High, president & chief operating officer; Ervin K. Dorff, sr. v.p.; L. R. Trepp, v.p.-finance; Harold L. Ridout, v.p.-manufacturing; Jesse J. Acciacca, v.p.-customer service; Jerry J. Reine, v.p.-contracts & administration; Robert L. Stone, v.p.-sales & marketing.

Directors: Henry D. Epstein, chairman; Raymond E. High, Ervin K. Dorff, Phillip G. Halamandaris, David Rubinfien, Kenneth E. Years, Arnold M. Zais.

Areas of Work: The Company designs, develops, programs, manufactures, markets and services communications computers and real-time communications software which together comprise data communications processing and control systems. The applications for which these systems are used include terminal-to-terminal message switching, terminal-to-computer transaction processing, and computer-to-computer high-speed transfer of database information.

Subsidiaries:

C.C. Systems, Inc.

Transfer Agent(s):

Manufacturers Hanover Trust Co. of California
300 South Grand Avenue
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	102	1985	129
1987	104	1984	147
1986	127		

Plant Footage:

1988	50,000 sq. ft.	1985	50,000
1987	50,000	1984	50,000
1986	50,000		

Sales & Earnings

	Revenues ‡	Net Income #
1988	$ 10,441,000	$ 225,000
1987	11,045,000	1,576,000
1986	10,777,000	1,402,373
1985	10,306,000	174,625
1984	10,304,000	336,739

	No. of Com. Shares	Earn. per Share # +
1988	8,748,733	$ 0.03
1987	9,154,531	0.16
1986	8,367,711	0.17
1985	7,117,711	0.02
1984	6,742,142	0.06

‡ Of continuing operations only.
# Including extraordinary gains of $75,000 ($0.01 per share) in 1988, $700,000 ($0.07 per share) in 1987, $1,044,924 ($0.13 per share) in 1986, $60,000 ($0.01 per share) in 1985 and $134,000 ($0.02 per share) in 1984.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 6,795,000	$ 0.78
1987	7,173,000 ‡	0.78
1986	3,829,141 ‡	0.46
1985	1,054,227 ‡	0.15
1984	905,804	0.13

(Deficiency)
‡ After allowing for preferred stock at par value.

Income Account *

Year ended June 30	1988	1987
Net revenues	$ 10,441,000	$ 11,045,000
Cost of revenues	5,743,000	5,967,000
Expenses	4,674,000	4,784,000
Interest income	(211,000)	(1,382,000)
Inc. bef. taxes	$ 235,000	$ 1,676,000
Income taxes	85,000	800,000
Net Income	$ 150,000	$ 876,000
Extraord. gain	75,000	700,000
Net Income & extraord. gain	$ 225,000	$ 1,576,000

* Included in Costs and Expenses, Depreciation: $111,000 in 1988 and $621,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 1,805,000	$ 670,000
Accts. & notes rec., net	3,908,000	5,583,000
* Inventories	2,054,000	1,863,000
Current Assets	$ 7,767,000	$ 8,116,000
Receivables	39,000	443,000
# Fixed assets	395,000	351,000
Other assets	305,000	189,000
Total Assets	$ 8,506,000	$ 9,099,000

Liabilities

	1988	1987
Accts. payable	$ 1,007,000	$ 630,000
Accruals	704,000	1,276,000
Curr. Liabilities	$ 1,711,000	$ 1,906,000
+ Preferred stock	—	20,000
++ Common stock	8,749,000	9,155,000
Add. paid-in capital	17,786,000	17,983,000
Deficit	(19,740,000)	(19,965,000)
Total Liabilities & Shareholders' Equity	$ 8,506,000	$ 9,099,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $4.50 par value; 8% non-cumulative convertible.
++ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes To Revenues	2.25	15.17
%Net Income to Revenues	1.44	7.93
%Net Income to Equity	2.21	12.18
Working Capital	$ 6,056,000	$ 6,210,000
Current Ratio	4.54	4.26
Shareholders' Equity	$ 6,795,000	$ 7,193,000

Computer & Communications Technology Corp.

9177 Sky Park Court
San Diego, California 92123
(619) 279-8973

Officers: E. T. Bahre, chairman of the board & chief executive officer; R. B. Mollerstuen, president & chief operating officer; Jerry F. Smith, v.p.-personnel; Gary E. Hall, treasurer; Michael W. Palmer, v.p., gen. counsel & secretary; Richard L. Strautman, v.p. & chief financial officer; I. D. Behr, asst. secretary.

Directors: E. T. Bahre, chairman; Graham Tyson, Melvin A. Shader, Peter F. Zinsli, E. W. Macrae, R. B. Mollerstuen.

Areas of Work: Designs and manufactures magnetic recording heads for rigid disc drives used for data storage and retrieval, and designs and manufactures microwave signal-generation and signal-processing components and subsystems.

Subsidiaries:

Information Magnetics Corporation
9177 Sky Park Court
San Diego, California 92123
(619) 279-8940

Designs, manufactures, refurnishes and sells magnetic disc recording heads used in magnetic recording data storage units (peripheral memories) for data processing systems.

Information Magnetics Caribe Inc.
Call Box 2502, Road 125, Kil. 1.0
Moca 00716 Puerto Rico
(809) 877-6400

Ensambles Magneticos, S.A. de C.V.
Calle 5 Sur. #1111
Ciudad Industrial, Nueva Tijuana
Tijuana, B.C., Mexico
(706) 623-3562

Infomag Korea, Ltd.
832-2, Yeoksam-dong, Kangnam-Ku
5th Floor, Woodeok Building, C.P.O. Box 5322
Seoul, 135-080, Korea
8-22-553-5701

Transfer Agent(s):

Security Pacific National Bank
Corporate Services Division, W24/30
333 South Beaudry Avenue, 24th Floor
Los Angeles, California 90017

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CCTC (NASDAQ)

Number of Employees:

1988	2,000	1985	3,293
1987	3,901	1984	3,177
1986	3,091		

Sales & Earnings

		Revenues +		Net Income
1988	$	107,776,000	$	(15,898,000)
1987		98,798,000		6,393,000
1986*		75,300,000		(26,844,000)
1985		88,751,000		(8,266,000)
1984		121,196,000		12,600,000

	No. of Com. Shares #		Earn. per Share #
1988	11,248,000	$	—
1987	11,623,000		0.55
1986*	11,159,000		—
1985	11,139,000		—
1984	10,919,000		1.15

(Loss)
* 53 weeks.
+ Of continuing operations only.
# Based on the weighted average number of common shares and common shares equivalents outstanding.

Common Stock Equity

		Total Equity		Equity Per Share †
1988	$	24,824,000	$	2.21
1987		41,177,000		3.54
1986		34,066,000		3.05
1985		60,440,000		5.43
1984		69,317,000		6.35

† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended		12/31/88		1/2/88
Net sales	$	107,350	$	97,197
Other income		426		1,601
Total income	$	107,776	$	98,798
Cost of sales		101,257		70,742
Eng. & develop. exp.		3,923		4,788
Selling, gen. & adm. exp.		15,959		14,669
Interest expense		2,385		1,542
Inc. (loss) before taxes	$	(15,748)	$	7,057
Income taxes		150		366
Inc. (loss) - cont. oper.	$	(15,898)	$	6,691
Loss - discont. oper.		—		(298)
Net Income (Loss)	$	(15,898)	$	6,393

* Included in Costs and Expenses, Depreciation and Amortization: $3,597,000 in 1988 and $3,292,000 in 1987.
‡ Restated.

Assets
(000's)

As of		12/31/88		1/2/88
Cash	$	2,317	$	5,573
Trade receiv.		17,252		18,212
*Inventories		24,374		26,770
Assets held for sale		15,036		15,162
Other curr. assets		1,741		1,842
Current Assets	$	60,720	$	67,559
#Fixed assets		13,837		13,308
Invest. and other assets		5,813		6,549
Total Assets	$	80,370	$	87,416

Liabilities
(000's)

Long-term debt, curr.	$	14,104	$	4,295
Accts. payable		15,686		14,276
Accruals		13,248		8,862
Income taxes		1,632		1,592
Curr. Liabilities	$	44,670	$	29,025
Long-term debt		10,876		17,214
\+ Common stock		4,504		4,490
Add. paid-in capital		57,867		58,336
Retained earnings (deficit)		(37,547)		(21,649)
Total Liabilities & Shareholders' Equity	$	80,370	$	87,416

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.40 par value.

Statistical Summary

%Net Income to Equity		—		13.06
Sales to Inventories		4.40		3.63
Debt to Equity		1.01		0.52
Working Capital	$	16,050,000	$	38,534,000
Current Ratio		1.36		2.33
Shareholders' Equity	$	24,824,000	$	41,177,000

Computer Consoles, Inc.

(Acquired by STC Plc, London, England, on January 10, 1989.)

Bay Colony Corporate Center, Suite 1700
950 Winter Street
Waltham, Massachusetts 02154
(617) 890-0708

Officers: John F. Cunningham, chairman of the board, president & chief exec. officer; Richard I. Kreiger, sr. v.p., chief financial officer & treasurer; Gary W. Gunderson, sr. v.p. & gen. mgr.-Communications Systems Division; John P. Jacobson, sr. v.p. & gen. mgr.-Computer Products Division; Harold S. Koplow, sr. v.p.-research & development; David Moros, sr. v.p.-corporate development; Thomas I. Nientimp, sr. v.p.-human resources; Richard P. Goodkin, v.p., secretary & general counsel; Lawrence Chesler, asst. secretary & assoc. general counsel; Samuel J. Ilardo, v.p. & asst. treasurer.

Directors: John F. Cunningham, chairman; Norman O. Bender, Jr., Edgar F. Heizer, Jr., Justin L. Vigdor, H. Martin Weingartner, Thomas A. Vanderslice, Gary M. Cypres, Richard I. Kreiger.

Areas of Work: Designs, develops, manufactures, markets, and services a variety of minicomputer-based, fault-tolerant integrated information systems which are primarily for the telephone industry.

Divisions:

Computer Products Division
9801 Muirlands Blvd.
Irvine, California 92718
(714) 458-7282

Communications Systems Division
97 Humboldt Street
Rochester, New York 14609
(716) 482-5000

Subsidiaries:

Computer Consoles Leasing Corporation

Reston Development
11490 Commerce Park Drive
Reston, Virginia 22091
(703) 648-3300

Computer Consoles (Asia) Limited
Hong Kong, (011) 85-252-65067

CCI Europe Ltd.
Twickenham, Middlesex, England
(011) 441-892-
1122

CCI-Israel Inc.
Ramat Gan, Israel
(03) 751-0255

Number of Employees:

1987	1,291	1984	1,635
1986	1,344	1983	1,244
1985	1,421		

Plant Footage:

1987	390,000 sq. ft.	1986	390,000

Sales & Earnings

		Revenues		Net Income ‡
1987	$	148,394,000	$	11,320,000
1986 x		129,557,000		(4,383,000)
1985		111,880,000		(41,911,000)
1984		131,189,000		6,290,000
1983		103,550,164		10,391,775

	No. of Com. Shares †		Earn. per Share + ‡
1987	12,934,563	$	0.86
1986 x	12,783,997		—
1985	11,983,897		—
1984	11,325,033		0.54
1983	11,111,640		0.87

(Loss)
x Restated to reflect change in accounting for income taxes.
‡ Including extraordinary gain of $1,709,000 ($0.13 per share) in 1987.
† Adjusted to reflect stock dividend.
+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Computer Consoles, Inc.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	—	—
1984	—	—	—
1983	—	100%	—

Common Stock Equity

	Total Equity	Equity Per Share †
1987	$ 32,109,000	$ 2.48
1986 x	18,984,000	1.48
1985	21,665,000	1.81
1984	61,973,000	5.47
1983	53,968,000	4.86

x Restated.
† Adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended Dec. 31	1987	1986 ‡
Revenues	$ 148,394	$ 129,557
Cost of revenues	62,365	57,768
Expenses	68,269	61,307
Gain on sale of leases	(6,759)	—
Interest expense	13,316	12,937
Interest income	(1,508)	(84)
Income (loss) bef. taxes	$ 12,211	$ (2,371)
Income taxes	2,600	2,012
Net Income (Loss)	$ 9,611	$ (4,383)
Extraord. gain	1,709	—
Net Income (Loss) & extraord. gain	$ 11,320	$ (4,383)

* Included in Costs and Expenses, Depreciation: $12,545,000 in 1987 and $10,157,000 in 1986.
‡ Restated.

Assets
(000's)

As of Dec. 31	1987	1986 ‡
Cash	$ 8,987	$ 2,408
Accts. receiv., net	26,543	29,735
Lease receiv., curr.	12,667	14,535
*Inventories	22,752	25,381
Prepaid expenses	1,350	1,217
Current Assets	$ 72,299	$ 73,276
#Fixed assets	28,139	31,600
†Field spare parts	5,497	5,553
Other assets	3,750	1,635
Lease receivables	40,850	82,451
Debt issuance costs	1,603	1,943
Total Assets	$ 152,138	$ 196,458

Liabilities
(000's)

Accts. pay. & accruals	$ 20,204	$ 15,832
Rents received in adv.	3,015	6,993
Long-term debt, curr.	1,100	21,819
Income taxes	4,587	978
Curr. Liabilities	$ 28,906	$ 45,622
Other liabilities	3,800	1,308
Long-term debt	84,789	126,810
Deferred inc. taxes	2,534	3,734
+ Common stock	1,293	1,278
Add. paid-in capital	30,398	29,056
Notes receiv. from stock sale	(4,835)	(5,283)
Retained earnings (deficit)	5,253	(6,067)
Total Liabilities & Shareholders' Equity	$ 152,138	$ 196,458

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
† Less accumulated appreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	8.23	—
%Net Income to Revenues	6.48	—
%Net Income to Equity	29.93	—
Debt to Equity	2.67	7.83
Working Capital	$ 43,393,000	$ 27,654,000
Current Ratio	2.50	1.61
Shareholders' Equity	$ 32,109,000	$ 18,984,000

Computer Products, Inc.

7900 Glades Road, Suite 500
Boca Raton, Florida 33434
(407) 451-1000

Officers: John N. Lemasters, chairman of the board, president & chief exec. officer; John I. Mitchell, v.p.-finance, chief financial officer, secretary & treasurer; Barry Kelleher, v.p.; Gerald M. Karon, v.p.-international marketing; Carol A. Stephan, controller.

Directors: John N. Lemasters, chairman; Bert Sager, Edward S. Croft, III, J. Earl Templeton, Stephen A. Ollendorff, Phillip A. O'Reilly.

Areas of Work: Designs, manufactures and markets three lines of electronic products: power conversion products for electronic equipment used in commerical, industrial and military applications requiring a precise and consistent voltage level; measurement and control hardware and software systems and components used in computer-directed process control and data acquisition applications; and custom and standard design military power supplies for the U.S. government and prime contractors who sell to the U.S. government.

Divisions and Subsidiaries:

Power Products Division
Measurement and Control Division
Stevens-Arnold, Inc.
Memodyne Corp.
Power Products Ltd. (Youghal, Republic of Ireland)
Computer Products Asia-Pacific Ltd. (Hong Kong)
Computer Products Overseas Finance, N.V.
Grant Technology Systems Corp.
Government Electronics Division

Power Conversion America Division
Fremont, California

Tecnetics, Inc.
Boulder, Colorado
Manufactures mil spec power conversion products for the military and aerospace industries.

Boschert, Inc.
Manufactures and markets AC/DC open-frame and high power caseswitchers used for power conversion.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CPRD (NASDAQ)

Number of Employees:

1988 1,928
1987 2,178
1986 2,015
1985 2,248
1984 1,300

Plant Footage:

1988 .... 501,000 sq. ft.
1987 486,000
1986 556,000
1985 682,000
1984 352,000

Sales & Earnings

	Net Sales +	Net Income
1988	$ 123,569,000	$ (10,284,000)
1987	108,794,000	(12,252,000)
1986	105,319,000	(9,281,000)
1985	80,610,000	1,452,000
1984	79,896,00	8,742,000

	No. of Com. Shares x	Earn. per Share x
1988	19,860,000	$ —
1987	19,844,000	—
1986	19,757,000	—
1985	19,499,000	0.07
1984	19,058,000	0.46

(Loss)
+ Of continuing operations only.
x Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988 (000's)	%	1987 (000's)	%
Power conversion	$ 84,922	68.7%	$ 71,984	66.2%
Government elec.	16,688	13.5	12,648	11.6
Measurement & control	21,959	17.8	24,162	22.2
Total	$ 123,569	100.0%	$ 108,794	100.0%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 25,692,000	$ 1.29
1987	35,976,000	1.81
1986	48,229,000	2.44
1985	57,179,000	2.90
1984	49,884,000	2.65

‡ Adjusted to reflect stock split.

Income Account *

Year ended	12/30/88	1/1/88
Net sales	$ 123,569,000	$ 108,794,000
Cost of sales	85,382,000	75,174,000
Expenses	35,738,000	32,782,000
Restruc. charge	8,500,000	—
Prov. for plant clos.	—	513,000
Interest income	(323,000)	(574,000)
Interest expense	4,863,000	4,565,000
Sale of property	—	(994,000)
Loss bef. taxes	$ (10,591,000)	$ (2,692,000)

Inc. taxes	—	181,000
Loss-cont. oper.	$ (10,591,000)	$ (2,873,000)
Inc. (loss)-discont. oper.	307,000	(9,379,000)
Net Loss	$ (10,284,000)	$ (12,252,000)

* Included in Costs and Expenses, Depreciation and Amortization: $5,614,000 in 1988 and $7,548,000 in 1987.

Assets

As of	12/30/88	1/1/88
Cash	$ 2,342,000	$ 3,414,000
Investments	3,130,000	11,797,000
Accts. receiv., net	22,522,000	20,876,000
*Inventories	24,316,000	30,858,000
Prepaid expense	1,949,000	1,423,000
Current Assets	$ 54,259,000	$ 68,368,000
#Fixed assets	35,694,000	40,975,000
Other assets	19,144,000	20,701,000
Total Assets	$ 109,097,000	$ 130,044,000

Liabilities

Short-term debt	$ —	$ 2,603,000
Long-term debt, curr.	1,184,000	12,434,000
Accounts payable	4,246,000	5,367,000
Accruals	14,854,000	10,661,000
Curr. Liabilities	$ 20,284,000	$ 31,065,000
Long-term debt	8,812,000	9,035,000
Leases payable	14,059,000	13,718,000
Subord. debentures	40,250,000	40,250,000
+Common stock	198,000	198,000
Add. paid-in capital	26,305,000	26,305,000
Retained earnings (deficit)	(710,000)	9,574,000
Treasury stock	(101,000)	(101,000)
Total Liabilities & Shareholders' Equity	$ 109,097,000	$ 130,044,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	5.08	3.53
Debt to Equity	0.39	0.67
Working Capital	$ 33,975,000	$ 37,303,000
Current Ratio	2.67	2.20
Shareholders' Equity	$ 25,692,000	$ 35,976,000

Computer Sciences Corporation

2100 E. Grand Avenue
El Segundo, California 90245
(213) 615-0311

Officers: William R. Hoover, chairman & president; George Barratt, v.p. & chief financial officer; Hayward D. Fisk, v.p., general counsel & secretary; Alvin E. Nashman, v.p. & president-Systems Group; Denis M. Crane, v.p. & controller; Lawrence Parkus, v.p.-corporate development; Van B. Honeycutt, v.p. & president-Industry Services Group; L. Scott Sharpe, v.p.-human resources; Walter J. Culver, v.p.-systems integration.

Directors: William R. Hoover, chairman; George Barratt, Felix A. Kalinski, Alvin E. Nashman, Roy Nutt, Howard P. Allen, Robert R. Dockson, Richard C. Lawton.

Areas of Work: Plans, designs, engineers, integrates and operates computer-based systems and communications systems. It manages client computer facilities and provides operations and maintenance services for high-technology operations. It also provides consulting, research and management education programs in the strategic use of information technology; and operates a number of proprietary services for specific industries and markets.

Principal Operating Units:

Systems Group
3160 Fairview Park Drive
Falls Church, Virginia 22042

Applied Technology Division
Falls Church, Virginia

Defense Systems Division
Moorestown, New Jersey

System Sciences Division
Silver Spring, Maryland

Special Projects Division
Falls Church, Virginia

Network Systems Division
Herndon, Virginia

Industry Services Group
2100 East Grand Avenue
El Segundo, California 90245

CSC Credit Services, Inc.
Houston, Texas

Health and Administrative Services Division
Lanham, Maryland

CSC Comtec, Inc.
Farmington Hills, Michigan

CCS TACS Division
Los Angeles, California

Professional Services
El Segundo, California

CSC Partners, Inc.
Waltham, Massachusetts

Index Group, Inc.
Cambridge, Massachusetts

Communications Industry Services
Piscataway, New Jersey

CSC Computer Sciences Europe S.A.
350/358 Avenue Louise
Brussels, Belgium

CSC Computer Sciences Nederland B.V.
Zoetermeer, The Netherlands

Computer Sciences Company Limited
London, England

CSC Computer Sciences S.A.
Frankfurt, Federal Republic of Germany

CSC Computer Sciences (Schweiz) AG
Zurich, Switzerland

Transfer Agent(s):

Bank of America, N.T. & S.A.
Corporate Agency Service Center
55 Hawthorne Street
San Francisco, California 94105

American Transtech
P.O. Box 44037
Jacksonville, Florida 32231-4037

Stock Exchange(s): New York, Pacific

Ticker Symbol: CSC

Number of Employees:

1988	18,300
1987	18,200
1986	15,600
1985	15,800
1984	13,900

Plant Footage:

1988 .... 920,000 sq. ft.

Sales & Earnings

	Revenues	Net Income
1988	$ 1,152,351,000	$ 43,524,000
1987	1,031,459,000	32,243,000
1986	838,587,000	23,948,000
1985	723,493,000	27,718,000
1984	712,224,000	18,266,000

	No. of Com. Shares ‡	Earn per Share ‡
1988	15,957,732	$ 2.73
1987	15,459,939	2.08
1986	14,185,964	1.69
1985	13,737,634	2.02
1984	13,795,647	1.32

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Fed. syst. & serv.	$ 726,000	$ 646,600
Professional serv.	116,400	82,600
Credit serv.	101,800	86,600
Health & insur. syst.	101,000	113,800
Network serv.	81,000	80,700
Complementary serv.	26,200	21,200
Total	$ 1,152,400	$ 1,031,500

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 332,656,000	$ 20.85
1987	284,813,000	18.42
1986	213,853,000	15.07
1985	186,221,000	13.56
1984	158,327,000	11.60

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended	4/1/88	4/3/87
Revenues	$ 1,152,351	$ 1,031,459
Cost of services	925,380	841,817
Overhead	101,057	83,824
Depreciation & amortization	32,018	28,421
Interest expense	9,464	9,458
Interest & other income	(3,240)	(3,912)
Expenses	16,321	13,755
Income bef. taxes	$ 71,351	$ 58,096
Income taxes	27,827	25,853
Net Income	$ 43,524	$ 32,243

Assets
(000's)

As of	4/1/88	4/3/87
Cash & cash equiv.	$ 64,508	$ 51,728
Short-term invest.	—	18,885
Receivables	302,620	270,725
Prepaid expenses & other assets	31,996	32,401
Current Assets	$ 399,124	$ 373,739
Investments & other assets	140,647	110,598
#Fixed Assets	121,295	111,345
Total Assets	$ 661,066	$ 595,682

Liabilities

(000's)

Notes payable	$ 10,060	$ 14,411
Long-term debt., curr.	5,118	5,519
Accts. payable	31,750	23,242
Accrued payroll	62,261	53,051
Other accruals	39,490	44,105
Income taxes	95,946	82,428
Curr. Liabilities	$ 244,625	$ 222,756
Long-term debt	83,785	88,113
+Common stock	16,261	16,221
Add. paid-in capital	54,611	51,905
Retained earnings	267,917	224,393
For. curr. trans. adjust	662	(204)
Treasury stock	(6,795)	(7,502)
Total Liabilities & Shareholders' Equity	$ 661,066	$ 595,682

# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.19	5.63
%Net Income to Sales	3.78	3.13
%Net Income to Equity	13.08	11.32
Debt to Equity	0.30	0.38
Working Capital	$ 154,499,000	$ 150,983,000
Current Ratio	1.63	1.68
Shareholders' Equity	$ 332,656,000	$ 284,813,000

Computer Terminal Systems, Inc.

75 Mall Drive
Commack, New York 11725-5703
(516) 864-5200

Officers: Gerald Schoenberg, chairman, president & chief executive officer; Gerhard Schneider, sr. v.p.-operations & chief operating officer; Bernard J. Stein, v.p.-engineering & product development; Michael Bryan, secretary/treasurer & controller.

Directors: Kenneth Sonnenberg, Gerald Schoenberg, Donald W. Blood, Michael Beckman, Patrick O'Neil Connelly, Richard T. Miner, Charles Mittel, Bernard Stein, Gerhard Schneider.

Areas of Work: Engaged in the design, manufacture and marketing of microprocessor-controlled printers and printing terminals used to print computer-generated labels, forms and tickets in a variety of industries.

Transfer Agent(s):

Computer Terminal Systems, Inc.
Commack, New York

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	51	1986	56

Plant Footage:

1987	26,000 sq. ft.	1984	56,000
1986	32,000	1983	56,000
1985	56,000		

Sales & Earnings

	Net Sales	Net Income †
1987	$ 4,540,797	$ 3,062,259
1986	6,165,786	(3,201,768)
1985	10,020,246	(2,982,647)
1984	8,654,189	(24,224)
1983	5,527,941	(232,615)

	No. of Com. Shares +	Earn. per Share + †
1987	1,856,381	$ 1.08
1986	1,860,572	—
1985	1,750,943	—
1984	1,487,002	—
1983	1,445,418	—

(Loss)
† Including extraordinary gain of $3,736,655 ($1.32 per share) in 1987.
+ Adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ (939,339) ‡	$ —
1986	(4,160,208)	—
1985	(1,144,133)	—
1984	1,219,969	0.82
1983	1,097,547	0.76

(Deficiency)
‡ After allowing for preferred stock at par value.
+ Adjusted to reflect stock split.

Income Account *

Year ended April 30	1987	1986
Net Sales	$ 4,540,797	$ 6,165,786
Cost of sales	3,507,137	6,004,836
Expenses	1,488,463	2,505,671
Interest expense	219,675	361,591
Interest income	(82)	(29,115)
Loss on dispos. of equip.	—	524,571
Net Loss	$ (674,396)	$ (3,201,768)
Extraord. gain	3,736,655	—
Net Loss & extraord. gain	$ 3,062,259	$ (3,201,768)

* Included in Costs and Expenses, Depreciation and Amortization: $208,096 in 1987 and $260,662 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 23,355	$ 93,755
Accts. receiv., net	620,870	618,020
Notes receiv., net	—	14,648
*Inventories	1,427,246	1,487,689
Prepaid expenses	35,482	78,164
Current Assets	$ 2,106,953	$ 2,292,276
#Fixed assets	670,173	876,774
Security deposits & other	77,337	85,192
Total Assets	$ 2,854,463	$ 3,254,242

Liabilities

Loans payable	$ 201,928	$ 729,237
Accts. payable	499,176	178,288
Accruals & other liab.	657,896	633,985
Long-term debt, curr.	382,997	291,003
Loan payable-stockholder	115,000	—
Due to officer	84,500	—
Curr. Liabilities	$ 1,941,497	$ 1,832,513
Pre-petition unsecured debt	—	4,695,875
Long-term debt	1,084,901	886,062
Deferred liabilities	500,000	—
Deferred income	166,250	—
+Preferred stock	101,154	—
+Common stock	185,638	186,057
Add. paid-in capital	1,627,866	1,482,567
Retained earnings (deficit)	(2,752,843)	(5,815,102)
Unamort. deferred comp.	—	(13,730)
Total Liabilities & Shareholders' Equity	$ 2,854,463	$ 3,254,242

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	3.18	4.14
Working Capital	$ 165,456	$ 459,763
Current Ratio	1.09	1.25
Shareholders' Equity (Deficiency)	$ (838,185)	$ (4,160,209)

Conner Peripherals, Inc.

2221 Old Oakland Road
San Jose, California 95131
(408) 433-3340

Officers: Finis F. Conner, chairman of the board & chief executive officer; William J. Schroeder, vice chairman and president-New Products Group; William J. Almon, president & chief operating officer; John P. Squires, exec. v.p.-research & development; C. Scott Holt, exec. v.p.-sales & marketing; Carl W. Neun, sr. v.p.-administration & chief financial officer; Albert A. Pimentel, v.p.-finance; Katherine C. Young, sr. v.p.-quality reliability & materials.

Directors: Finis F. Conner, chairman; William J. Schroeder, John P. Squires, Mark S. Rossi, G. Jackson Tankersley, Jr., William J. Almon.

Areas of Work: Designs, manufactures and markets high performance 3.5-inch Winchester disk drives useu principally in desktop, portable and laptop microcomputers based on 32-bit and higher performance 16-bit microprocessors.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CNNR (NASDAQ)

Number of Employees:

1988	2,898	1987	1,286

Plant Footage:

1988	682,000 sq. ft.	1987	216,000

Sales & Earnings

	Net Sales	Net Income
1988	$ 256,639,000	$ 19,768,000
1987	113,236,000	11,377,000
1986	—	(4,339,000)
1985*	—	(160,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1988	34,297,000	$ 0.58
1987	26,450,000	0.43
1986	13,277,000	—
1985*	2,110,000	—

(Loss)
* 28 weeks
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 105,402,000	$ 3.07
1987	45,559,000	1.72
1986	8,042,000	0.61
1985	109,000	0.05

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 256,639	$ 113,236
Cost of sales	201,512	84,046
Expenses:		
Res. & develop.	8,607	3,527
Sell., gen. & adm.	19,464	8,971
Oper. profit	$ 27,056	$ 16,692
Interest expense	1,203	347
Interest income	(2,050)	(877)
Other expense	36	37
Income before taxes	$ 27,867	$ 17,185
Income taxes	7,524	5,808
Eq. in loss of affil. co.	575	—
Net Income	$ 19,768	$ 11,377

* Included in Costs and Expenses, Depreciation and Amortization: $5,027,000 in 1988 and $1,155,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 9,657	$ 30,109
Accts. receiv., net	47,940	3,718
Accts. receiv.-Compaq Computer	17,747	14,326
*Inventories	66,638	22,327
Deferred inc. taxes	5,700	2,667
Other curr. assets	3,054	2,326
Current Assets	$ 150,736	$ 75,473
#Fixed assets	44,233	18,297
Invest. in affil. co.	2,022	—
Other assets	645	—
Total Assets	$ 197,636	$ 93,770

Liabilities
(000's)

Short-term debt	$ —	$ 4,000
Long-term debt, curr.	4,448	1,877
Cap. lease oblig. curr.	212	98
Acct. payable	53,001	23,749
Accrued emp. compensation	2,993	2,474
Other accruals	6,141	3,057
Income taxes	1,509	8,212
Curr. Liabilities	$ 68,304	$ 43,467
Long-term debt	18,858	3,684
Cap. lease oblig.	525	217
Deferred inc. taxes	3,800	263
Other liabilities	747	580
+Common stock	78,756	38,681
Retained earnings	26,646	6,878
Total Liabilities & Shareholders' Equity	$ 197,636	$ 93,770

* At lower of standard (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	22.82	15.18
%Net Income to Sales	16.19	10.05
%Net Income to Equity	18.75	24.97
Sales to Inventories	1.83	5.07
Debt to Equity	0.23	0.22
Working Capital	$ 82,432,000	$ 32,006,000
Current Ratio	2.21	1.74
Shareholders' Equity	$ 105,402,000	$ 45,559,000

Control Data Corporation

8100 34th Avenue South
Minneapolis, Minnesota 55420
(612) 853-8100

Mailing address:
P.O. Box 0
Minneapolis, Minnesota 55440-4700

Officers: Robert M. Price, chairman of the board & chief exec. officer; Lawrence Perlman, president & chief operating officer; Norbert R. Berg, vice chairman; John K. Buckner, vice chairman & chief financial officer; Franklin R. Dawe, sr. v.p.-administration; Harold T. Hahn, v.p. & treasurer; George F. Troy, pres.-Training and Education Group; Daniel R. Pennie, v.p., gen. counsel & secretary; David P. White, exec. v.p. & president-Information Services Group; Larry E. Jodsaas, president & chief exec.-VTC Inc.; Frank J. Ryan, v.p.-communications; Boyd T. Jones, v.p. & exec. consultant; Anthony J. Aurichio, pres.-Arbitron Ratings Co.; Lois D. Rice, sr. v.p.-government affairs; Lloyd M. Thorndyke, sr. v.p. & exec. consultant; Robert M. White, v.p. & chief technical officer; Gordon R. Brown, sr. v.p.-corp. planning & development; Catherine A. Hapka, v.p.-corp. marketing; Ronald C. Mickelberg, v.p. & controller; John P. Moe, v.p.-human resources; William Fitzgerald, v.p.-technical services; Carl S. Ledbetter, president & chief exec. officer-ETA Systems, Inc.; Thomas W. Miller, v.p. & exec. consultant; Emmanual J. Otis, sr. v.p.-Asia; William J. Miller, v.p.-president & chief exec. officer-Imprimis Technology Inc.; Roger E. Handberg, president-government systems; Patrick M. Delaney, president-business management services; Boyd T. Jones, v.p. & exec. consultant; Richard M. Rickenbach, v.p.; James E. Ousley, v.p.-worldwide sales & marketing, computer products; John J. Curran, v.p.-Europe, computer products; Kenneth L. Mellem, v.p.-North & South American, computer products.

Directors: William C. Norris, Judson Bemis, Norbert R. Berg*, Robert M. Price*, Richard G. Lareau*, Ralph Hofstad, Ruth M. Davis, Lawrence Perlman, John K. Buckner, Allen W. Dawson, Sigmund M. Hyman, Albert D. Etchelecu, Lois D. Rice, Richard W. Vieser.

* Member of the Executive Committee

Areas of Work: Develops, manufactures and markets computers, ranging from very large to small in size, and used in education, engineering, general data processing and specialized control systems worldwide; also makes and markets industrial instruments and controls and aerospace products. Markets computer peripheral equipment, including disk drives, magnetic tape transports, printers, card readers, card punches, terminals, data entry systems, mass storage systems and computer supplies, such as disk packs and magnetic tape. Provides computer services, data services utilizing communications networks and major computer centers, processes scientific, engineering and business data. Professional services include maintenance, architectural design, consulting and education. The Company's Ticketron unit provides computerized lottery services to the states of New York, Illinois, Maryland, Pennsylvania, Washington, and Delaware and two off-track betting systems in upstate New York.

Divisions and Subsidiaries:

Computer Systems and Services
Information Services
Data Storage Products
Government Systems

Imprimis Technology Incorporated
Supplies high-performance rigid magnetic disk drives to original equipment manaufacturers worldwide for use in computer systems ranging from supercomputers to high-performance personal computers.

SAMI/Burke Inc.
Cincinnati, Ohio
Market research services.

VTC, Incorporated
Manufactures high-speed integrated circuits.

Arbitron Ratings Company
4320 Ammendale Road
Beltsville, Maryland 20705

Autocon Industries, Inc.
2200 Berkshire Lane
Minneapolis, Minnesota 55427

ETA Systems, Inc.
Designs, manufactures and markets scientific computers.

Laser Magnetic Storage International (49% interest)
Produces optical disk and magnetic tape data storage devices.

Magnetic Peripherals Inc. (90%-owned)
Manufactures disk drives.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Stock Exchange(s): New York, Midwest, Pacific, Frankfurt, Lausanne, Geneva, Zurich, Basle, Amsterdam.

Ticker Symbol: CDA

Number of Employees:

1988	33,500
1987	34,500
1986	34,409
1985	38,856
1984	47,498

Plant Footage: *

1988 ...... 5,400,000 sq. ft. 1987 5,600,000

* Manufacturing and warehousing facilities.

Sales & Earnings

	Revenues (000's)	Net Income (000's) †
1988	$ 3,628,300	$ 1,700
1987	3,366,500	19,300
1986	3,346,700	(264,500)
1985	3,679,700	(567,500)
1984	3,692,600	5,100

	No. of Com. Shares ‡	Earn. per Share ‡ †
1988	41,886,000	$ 0.03
1987	41,505,000	0.45
1986	40,912,000	—
1985	39,022,000	—
1984	38,520,000	0.12

(Loss)
† Including extraordinary gain of $4,000,000 in 1986 and extraordinary loss of $5,700,000 ($0.14 per share) in 1987.
‡ Based on the weighted average number of common stock and common stock equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Computer syst. & serv.	$ 1,198,800	$ 1,314,400
Data storage prods.	1,146,000	974,500
Information services	909,500	698,200
Government systems	339,100	354,400
Other	34,900	25,000
Total	$ 3,628,300	$ 3,366,500

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	0.54	—	—
1984	0.66	—	—

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share
1988	$ 1,043,300	$ 24.97
1987	1,036,600	24.85
1986	980,200	23.72
1985	1,191,600	29.21
1984	1,747,500	45.63

‡ After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales & rentals	$ 2,127,400	$ 1,986,800
Services	1,500,900	1,379,700
Total revenues	$ 3,628,300	$ 3,366,500
Cost of sales & rentals	1,603,600	1,515,200
Cost of services	920,200	832,100
Expenses	643,700	600,800
Technical expenses	394,300	389,000
Interest expense	47,200	64,100
Partnership distr.	8,500	15,500
Oper. & invest. restruc.	(5,600)	(107,600)
Income before taxes	$ 16,400	$ 57,400
Income taxes	16,600	32,500
Minority interest	(1,900)	(100)
Net Income	$ 1,700	$ 25,000
Extraord. loss	—	(5,700)
Net Income extraord. loss	$ 1,700	$ 19,300

* Included in Costs and Expenses, Depreciation and Amortization: $194,300,000 in 1988 and $217,100,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 197,900	$ 405,200
Accts. receiv., net	709,300	711,200
*Inventories	730,900	598,700
Other curr. assets	36,900	24,900
Current Assets	$ 1,675,000	$ 1,740,000
Investments	119,300	57,400
†Leased & data ctr. equip.	141,000	151,900
#Fixed assets	450,900	457,900
Other assets	147,300	231,400
Total Assets	$ 2,533,500	$ 2,638,600

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 40,500	$ 56,200
Liab. for payroll tax filing deposits	166,500	104,500
Accts. payable	176,000	146,700
Cust. advances	110,300	147,500
Accrued taxes	48,400	68,200
Accrued payroll	104,300	112,500
Other accruals	272,900	433,200
Curr. Liabilities	$ 918,900	$ 1,068,800
Long-term debt	379,400	384,400
Minority interest	16,600	21,000
Deferred inc. taxes	12,700	10,400
Other liabilities	151,700	106,500
+Preferred stock	10,900	10,900
++Common stock	21,100	21,100
Add. paid-in capital	576,600	575,500
Retained earnings	519,000	517,800
For. curr. trans. adjust.	(45,500)	(39,200)
Other equity items	(27,900)	(38,600)
Total Liabilities & Shareholders' Equity	$ 2,533,500	$ 2,638,600

* At cost (FIFO or average) not in excess of realizable values.
† Less accumulated depreciation.
# Less accumulated depreciation and amortization.
+ $100 par value; 4.50% cumulative.
++ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Revenues	0.77	1.71
%Net Income to Revenues	0.08	0.74
%Net Income to Equity	0.16	2.39
Debt to Equity	0.40	0.42
Working Capital	$ 756,100,000	$ 671,200,000
Current Ratio	1.82	1.63
Shareholders' Equity	$ 1,054,200,000	$ 1,047,500,000

Cooper Industries, Inc.

First City Tower
1001 Fannin Street, 40th Floor
Houston, Texas 77002
(713) 739-5400

Mailing address:
P.O. Box 4446
Houston, Texas 77210

Officers: Robert Cizik, chairman & president; Alan E. Riedel, sr. v.p.-administration; Dewain K. Cross, sr. v.p.-finance; C. Baker Cunningham, exec. v.p.-operations; H. John Riley, Jr., exec. v.p.-operations; Michael J. Sebastian, exec. v.p.-operations; Thomas W. Campbell, v.p.-public affairs; Joseph R. Coppola, sr. v.p.-manufacturing services; D. Bradley McWilliams, v.p.-taxes & real estate; Carl J. Plesnicher, Jr., v.p.-employee relations & environment affairs; Laurence H. Polsky, v.p.-personnel; Alan J. Hill, v.p. & treasurer; Donald R. Sheley, Jr., v.p. & controller; David A. White, Jr., v.p.-corp. planning & development; Diane K. Schumacher, corp. secretary; Duane F. Emmert, general counsel.

Directors: Robert Cizik, chairman; Warren L. Batts, John P. Diesel, Clifford J. Grum, Harold S. Hook, Frank Olson, John D. Ong, Alan E. Riedel, Robert M. Price, Jack W. Schuler.

Areas of Work: The Company is engaged in three primary areas of business: Compression & Drilling Products; Commercial & Industrial Products; and Electrical & Electronic Products. Electrical & Electronics Products operations include manufacture of equipment for primary and secondary transmission, distribution and control of electricity to industrial, commercial, and residential users and wire and cable for electronic, and consumer markets. Commercial & Industrial Products operations include manufacture of equipment, hardware, and hand and power tools for the construction, automotive, and consumer markets. Compression & Drilling Products operations include aftermarket support services to oil and natural gas drilling and compression markets, and to the mining and construction industries.

Divisions and Subdivisions:

Electrical & Electronic Products:

Crouse-Hinds Electrical Construction Materials
Wolf & Seventh North Street
Syracuse, New York 13221
(315) 477-7000

Cooper Electrical Distribution Products
Route 660
Earlysville, Virginia 22936
(804) 973-4411

Crouse-Hinds Distribution Equipment
Earlysville, Virginia

Arrow Hart Wiring Devices
Earlysville, Virginia

Arrow Hart Components
Earlysville, Virginia

Cooper Lighting Group
400 Busse Road
Elk Grove Village, Illinois 60007-2195
(312) 956-8400

Halo Lighting
Elk Grove Village, Illinois

Metalux Lighting
Southerfield Road
Americus, Georgia 31709
(912) 924-8000

Cooper Lighting-HID
Highway 61 South
Vicksburg, Mississippi 39180
(601) 638-1522

Belden Wire and Cable
2200 U.S. Highway 27 South
Richmond, Indiana 47374
(317) 983-5200

Bussmann
114 Old State Road
Ellisville, Missouri 63021
(314) 394-2877

Cooper Power Systems
P.O. Box 2850
Pittsburgh, Pennsylvania 15230-2850
(412) 777-3200

McGraw-Edison Power Systems
Pittsburgh, Pennsylvania

Commercial & Industrial Products:

Apex
Dayton, Ohio

Cooper Air Tools
Lexington, South Carolina

CooperTools
Raleigh, North Carolina

Kirsch
Sturgis, Michigan

Wagner
Parsippany, New Jersey

Compression & Drilling Products:

Energy Services Group
Mt. Vernon, Ohio

Ajax-Superior
Springfield, Ohio

Cooper-Bessemer Reciprocating
Grove City, Pennsylvania

Cooper-Bessemer Rotating
Mt. Vernon, Ohio

Funk
Coffeyville, Kansas

Industrial Machinery
Quincy, Illinois

Gardner-Denver Mining & Construction
Roanoke, Virginia

Martin-Decker
Cedar Park, Texas

Flow Control
Missouri City, Texas

Turbocompressor
Buffalo, New York

Acquisition(s):

Beswick
United Kingdom
Manufactures fuses.

RTE Corporation
1045 Hickory Street
Pewaukee, Wisconsin 53072-3792
(414) 691-0070
Produces a variety of high-voltage connectors, terminators, transformers, transformer components and fuses.
1900 E. North Street & 1319 E. Lincoln Avenue
Waukesha, Wisconsin

Transfer Agent(s):

First City National Bank of Houston
Houston, Texas

Stock Exchange(s): New York, Pacific

Ticker Symbol: CBE

Number of Employees:

1988	46,300	1985	46,000
1987	43,200	1984	30,000
1986	40,200		

Plant Footage:

1988	36,603,000 sq. ft.	1987	35,593,000

Sales & Earnings

	Revenues (000's)	Net Income (000's)
1988	$ 4,258,275	$ 224,362
1987	3,585,785	173,811
1986	3,433,296	147,722
1985	3,067,169	135,080
1984	2,029,915	106,864

	No. of Com. Shares †	Earn. per Share †
1988	101,688,000	$ 2.21
1987	100,214,000	1.73
1986	97,190,000	1.52
1985	85,390,000	1.39
1984	85,448,000	1.06

† Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Electrical & electronic prods	$ 2,077,522	$ 1,736,446
Commercial & industrial prods.	1,260,120	1,195,829
Compression & drilling equip.	912,320	642,825
Other	8,313	10,685
Total	$ 4,258,275	$ 3,585,785

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.90	—	2-for-1
1987	0.90	—	
1986	0.80	—	—
1985	0.76	—	—
1984	0.76	—	—

+ Adusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share #
1988	$ 1,770,777,000	$ 17.47
1987	1,591,922,000	15.90
1986	1,418,885,000	14.66
1985	1,221,568,000	13.56
1984	1,057,893,000	12.56

‡ After allowing for preferred stock at liquidation values.
# Adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 4,258,275	$ 3,585,785
Cost of sales	2,904,336	2,430,183
Expenses	701,859	622,643
Depreciation & amortization	154,650	135,368
Interest expense	111,922	86,075
Income before taxes	$ 385,508	$ 311,516
Income taxes	161,102	137,705
Net Income	$ 224,406	$ 173,811

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 6,969	$ 6,186
Receiv., net	738,960	693,372
*Inventories	1,043,499	956,825
Other assets	173,259	111,571
Current Assets	$ 1,962,687	$ 1,767,954
#Fixed assets	1,115,181	1,016,647
Intangibles	1,261,936	967,103
Investments	44,172	48,659
Total Assets	$ 4,383,976	$ 3,800,363

Liabilities
(000's)

Short-term debt	$ 105,641	$ 63,407
Long-term debt. curr.	23,969	32,519
Accts. payable & accruals	971,388	922,949
Income taxes	61,623	42,296
Curr. Liabilities	$ 1,162,621	$ 1,061,171
Long-term debt	1,170,267	884,351
Deferred inc. taxes	279,376	261,929
+Preferred stock series B	510	540
++ Common stock	506,893	250,294
Add. paid-in capital	37,753	259,122
Retained earnings	1,221,429	1,087,919
Translation component	5,127	(4,963)
Total Liabilities & Shareholders' Equity	$ 4,383,976	$ 3,800,363

* At lower of cost (primarily LIFO) or net realizable value.
# Less accumulated depreciation.
+ No par value; $2.50 cum. convert.
++ $5 par value.

Statistical Summary

% Income bef. Taxes to Sales	9.05	8.69
% Net Income to Sales	5.27	4.85
% Net Income to Equity	12.67	10.91
Sales to Inventories	4.08	3.75
Debt to Equity	0.73	0.62
Working Capital	$ 800,066,000	$ 706,783,000
Current Ratio	1.69	1.67
Shareholders' Equity	$ 1,771,712,000	$ 1,592,912,000

Corcom, Inc.

1600 Winchester Road
Libertyville, Illinois 60048
(312) 680-7400

Officers: Werner E. Neuman, president; Michael B. Head, v.p.-manufacturing; Charles R. Whitchurch, v.p.-finance & treasurer; Walter Roth, secretary.

Directors: Werner E. Neuman, David B. Pivan, Herbert L. Roth, Walter Roth, Gene F. Straube, Renato Tagiuri.

Areas of Work: Manufactures and markets power line interference filters which control radio frequency interference emitted by electronic equipment. The filters prevent malfunctions in electronic devices and suppress noise pollution.

Transfer Agent(s):

Harris Trust and Savings Bank
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CORC (NASDAQ)

Number of Employees:

1988	N.A.	1985	554
1987	932	1984	1,285
1986	774		

Plant Footage:

1988	N.A.	1985	N.A.
1987	225,000 sq. ft.	1984	233,000
1986	211,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 32,948,000	$ (2,588,000)
1987	23,916,000	522,000
1986	20,476,000	(399,000)
1985	19,547,000	(3,956,000)
1984	32,350,000	2,895,000

	No. of Com. Shares	Earn. per Share ‡
1988	3,560,543	$ —
1987	3,558,547	0.15
1986	3,463,806	—
1985	3,468,634	—
1984	3,468,964	0.83

(Loss)
‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 19,792,000	$ 5.56
1987	22,373,000	6.29
1986	21,553,000	6.22
1985	21,974,000	6.34
1984	25,933,000	7.48

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 32,948,000	$ 23,916,000
Cost of sales	22,877,000	14,465,000
Engineering expenses	1,812,000	1,127,000
Sell., adm. & other expenses	9,331,000	7,654,000
Interest expense	145,000	139,000
Interest income	(50,000)	(331,000)
Reorganization exp.	1,200,000	—
Inc. (loss) before taxes	$ (2,367,000)	$ 862,000

	1988	1987
Income taxes	221,000	340,000
Net Income (Loss)	$ (2,588,000)	$ 522,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,431,000 in 1988 and $1,386,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 370,000	$ 2,490,000
Accts. receiv., net	5,404,000	4,521,000
*Inventories	9,630,000	9,865,000
Other curr. assets	656,000	646,000
Current Assets	$ 16,060,000	$ 17,522,000
#Fixed assets	7,827,000	8,122,000
Intangibles	1,096,000	1,087,000
Other assets	153,000	213,000
Total Assets	$ 25,136,000	$ 26,944,000

Liabilities

	1988	1987
Notes payable	$ 705,000	$ 100,000
Long-term debt, curr.	75,000	68,000
Accts. payable	1,554,000	1,554,000
Income taxes	45,000	21,000
Other accruals	1,734,000	1,520,000
Curr. Liabilities	$ 4,113,000	$ 3,263,000
Long-term debt	1,231,000	1,308,000
+Common stock	13,656,000	13,654,000
Retained earnings	6,136,000	8,724,000
Treasury stock	—	(5,000)
Total Liabilities & Shareholders' Equity	$ 25,136,000	$ 26,944,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	—	3.60
%Net Income to Sales	—	2.18
%Net Income to Equity	—	2.33
Sales to Inventories	3.42	2.42
Debt to Equity	0.10	0.07
Working Capital	$ 11,947,000	$ 14,259,000
Current Ratio	3.90	5.37
Shareholders' Equity	$ 19,792,000	$ 22,373,000

Core Industries Inc

500 North Woodward
P.O. Box 2000
Bloomfield Hills, Michigan 48013
(313) 642-3400

Officers: Harold M. Marko, chairman & chief exec. officer; Richard T. Walsh, president & chief operating officer; Lawrence J. Murphy, v.p.-finance & secretary; Thomas G. Hooper, treasurer & controller; Dennis R. Mason, staff manager-audit; William A. Handelman, staff manager-systems development.

Directors: Harold M. Marko, chairman; Richard T. Walsh, Charles W. Elliott, Alan E. Schwartz, Robert G. Stone, Jr., Richard P. Kughn.

Areas of Work: A diversified company, manufacturing products within four major groups: electronics, farm equipment, fluid controls and construction products, and industrial products.

Divisions and Subsidiaries:

Electronics Group

Amprobe Instrument
Lynbrook, New York
Manufactures electrical testing devices and recorders.

Anilam Electronics Corporation
Miami, Florida
Manufactures digital readout systems and machine tool control systems.

Hilton Industries, Inc.
Sarasota, Florida
Manufactures tantalum capacitors and custom winding machines.

GSE, Inc.
Farmington Hills, Michigan
Manufactures electronic measuring devices and electronic weighing scales.

Great Lakes-Eglinton
Bridgeport, Michigan
Special carbide tooling and gauging.

Cherokee International, Inc.
Tustin, California
Manufactures and markets a broad range of power supplies, primarily for the computer market.

Pasar, Inc.
Denver, Colorado
Designs and manufactures electronic, hand-held wire and cable tracing instruments for [illegible] electrical industry.

Acquisition:

FlexStar, Inc.
Milpitas, California
Manufactures disk drive test equipment.

Transfer Agent(s):

Harris Trust Company of New York
77 Water Street
Fourth Floor
New York, New York 10005

National Bank of Detroit
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): New York

Ticker Symbol: CRI

Number of Employees:

1988	2,700	1986	1,950
1987	2,100		

Plant Footage:*

1988	366,500 sq. ft.	1986	200,500
1987	295,500		

* Electronics operations only.

Sales & Earnings

	Net Sales †	Net Income
1988	$ 208,786,000	$ 10,212,000
1987	168,148,000	7,963,000
1986	163,513,000	6,714,000
1985	137,145,000	10,805,000
1984	131,010,000	10,744,000

	No. of Com. Shares	Earn. per Share ‡
1988	9,775,000	$ 1.05
1987	9,770,000	0.82
1986	9,759,000	0.69
1985	9,746,000	1.11
1984	9,968,000	1.08

† Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Electronics	$ 107,708,000	$ 73,922,000
Farm Equipment	32,599,000	21,668,000
Fluid controls & construc. prods.	56,545,000	63,173,000
Industrial prods.	11,934,000	9,385,000
Total	$ 208,786,000	$ 168,148,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.670	—	—
1987	0.630	—	
1986	0.590	—	—
1985	0.550	—	—
1984	0.510	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 99,470,000	$ 10.18
1987	96,127,000	9.84
1986	94,261,000	9.66
1985	93,235,000	9.57
1984	90,716,000	9.10

Income Account

Year ended Aug. 31	1988	1987
Net sales	$ 208,785,985	$ 168,147,624
Cost of sales	133,554,044	111,597,841
Expenses	50,850,213	37,431,627
Depreciation & amortization	6,324,646	5,167,269
Interest expense	3,141,902	1,047,169
Other income	(796,563)	(1,308,953)
Income before taxes	$ 15,711,743	$ 14,212,671
Income taxes	5,500,000	6,250,000
Net Income	$ 10,211,743	$ 7,962,671

Assets

As of Aug. 31	1988	1987
Cash	$ 619,089	$ 3,827,902
Accts. receiv, net	57,559,952	43,499,726
*Inventories	66,030,715	46,698,445
Prepaid expenses	2,631,963	1,911,247
Deferred inc. taxes	—	786,000
Current Assets	$ 126,861,719	$ 96,723,320
#Fixed assets	31,121,038	26,233,904
Other assets	24,212,603	19,570,617
Total Assets	$ 182,195,360	$ 142,527,841

Liabilities

	1988	1987
Notes payable	$ 33,000,000	$ —
Long-term debt, curr.	1,010,000	855,000
Accts. payable	11,634,336	9,678,914
Accrued payroll	11,189,064	9,040,474
Dividends payable	1,661,783	1,562,867
Income taxes	1,223,667	1,239,066
Deferred income taxes	74,000	—
Curr. Liabilities	$ 59,792,850	$ 22,376,321

Long-term debt	19,902,197	21,214,950
Deferred inc. taxes	3,030,000	2,810,000
+Common stock	11,185,356	11,127,816
Add. paid-in capital	449,428	218,205
Retained earnings	94,533,363	90,863,711
Treasury stock	(6,697,834)	(6,083,162)
Total Liabilities & Shareholders' Equity	$ 182,195,360	$ 142,527,841

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.53	8.45
%Net Income to Sales	4.89	4.74
%Net Income to Equity	10.27	8.28
Sales to Inventories	3.16	3.60
Debt to Equity	0.54	0.23
Working Capital	$ 67,068,869	$ 74,346,999
Current Ratio	2.12	4.32
Shareholders' Equity	$ 99,470,313	$ 96,126,570

Corning Glass Works

Houghton Park
Corning, New York 14831
(607) 974-9000

Officers: James R. Houghton, chairman & chief executive officer; Van C. Campbell, vice chairman; David A. Duke, vice chairman; Richard Dulude, president-Electronics and Telecommunications Group; E. Martin Gibson, president-Health and Science Group; Roger G. Ackerman, president-Specialty Glass and Ceramics Group; William C. Ughetta, sr. v.p. & general counsel; Robert C. Buhrmaster, sr. v.p. & controller; Richard B. Klein, treasurer; A. John Peck, Jr., secretary.

Directors: James R. Houghton, chairman; David A. Duke, Van C. Campbell, Thomas C. MacAvoy, Mary L. Bundy, Carla A. Hills, Edward L. Palmer, Henry Rosovsky, Robert G. Stone, Jr., Robert S. McNamara, Robert Barker, Richard Dulude, E. Martin Gibson, Roger G. Ackerman, Vernon E. Jordon, Jr., James J. O'Connor, James W. Kinnear, William D. Smithburg.

Areas of Work: Operates in four broad industry segments: Consumer products - manufactures tablewares and housewares including glass and glass-ceramic cookware for cooking, serving, and storing food, indoor plant containers, and "Steuben" lead crystal. Electronics and Telecommunications - manufactures optical fibers for use in voice, video, or data transmission, optical cable (which encloses the fiber), glass for TV picture tubes and monitors, and electronic devices such as capacitors and resistors. Specialty Materials - manufactures ceramic substrates for automatic emission-control systems, sealed-beam components and tungsten-halogen tubing for headlights, tooth-replacement ceramic, silicone products, and foam-glass insulation. Health and Science - manufactures medical diagnostic products, optical ware, ophthalmic lenses, laboratory ware, and glass piping. Also engaged in biotechnology research.

Subsidiaries:

MetPath Inc.
Teterboro, New Jersey

Corning Asahi Video Products Company (73.8% owned)
Corning, New York

Corning International Corporation
Corning, New York

Corning Canada Inc.
Toronto, Ontario, Canada

Corning GmbH
Wiesbaden, West Germany

Corning Limited
Sunderland, England

Corning Europe Inc.
Slough, England

Corning Japan K.K.
Tokyo, Japan

Corning S.p.A.
Milan, Italy

Corning Trading (Singapore) Pte. Ltd.
Singapore

Corning France, S.A.
Avon, France

Corning Enterprises, Inc.
Corning, New York

Q.V.F. Glastechnik GmbH
Wiesbaden, West Germany

Saint-Amand Manufacturing Company Inc.
San Fernando, California

Teddington Company Limited
Hamilton, Bermuda

Corning Brasil-Vidros Especiais Ltda.
Sao Paulo, Brazil

E.I.V.S., S.A.
Paris (Villeneuve-la-Garenne), France

Crown Corning U.S.A. Inc.
Los Angeles, California

U.S. Precision Lens Inc.
Cincinnati, Ohio

Dow Corning Corporation (50% owned)
Midland, Michigan

Pittsburgh Corning Corporation (50% owned)
Pittsburgh, Pennsylvania

Ciba Corning Diagnostics Corp. (50% owned)
Medfield, Massachusetts

Hua-mei International Glass Engineering Company Ltd. (50% owned)
Beijing, China

PCO Inc. (65% owned)
Los Angeles, California

Raycom Systems Inc. (42.4% owned)
Boulder, Colorado

Crown Corning Limited (50% owned)
Sydney, N.S.W., Australia

Iwaki Glass Company, Ltd. (33.4% owned)
Tokyo, Japan

Fibres Optiques Industries, S.A. (40% owned)
Paris, France

Genencor Inc. (13% owned)
San Francisco, California

Optical Fibres (50% owned)
Clywd, Wales

Pittsburgh Corning Europe, N.V. (50% owned)
Brussels, Belgium

Samsung-Corning Company Ltd. (50% owned)
Seoul, Korea

Siecor GmbH (50% owned)
Munich, West Germany

Optical Waveguides Australia Pty. Ltd. (50% owned)
Melbourne, Australia

Siecor GmbH & Co. KG (50% owned)
Neustadt, West Germany

N-Cor Ltd. (50% owned)
Tokyo, Japan

MetriCor Inc. (50% owned)
Woodinville, Washington

Siecor Corporation (50% owned)
Hickory, North Carolina

Sicover, S.A. (45% owned)
Aniche, France

Hazelton Laboratories Corporation
Herndon, Virginia
Supplies life-science testing services and products.

Advanced Packaging Systems (20% owned)
San Jose, California

Iwaki-Corning Malaysia Ltd. (20% owned)
Jwhore Baru, Malaysia

Acquisition:

Revere Ware Corporation
Clinton, Illinois
Manufactures stainless steel cookware.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Corporate Agency Department
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): * New York, Zurich, Boston, Midwest, Pacific, Philadelphia. * Listed and/or traded.

Ticker Symbol: GLW

Number of Employees:

1988	26,300	1985	24,600
1987	25,500	1984	26,900
1986	25,100		

Sales & Earnings

	Net Sales (000's)	Net Income † (000's)
1988	$ 2,121,500	$ 210,700
1987	2,083,700	207,500
1986	1,943,700	181,800
1985	1,754,400	136,400
1984	1,786,600	101,800

	No. of Com. Shares +	Earn. per Share † +
1988	89,944,000	$ 2.34
1987	92,330,000	2.25
1986	91,308,000	1.99
1985	89,266,000	1.53
1984	88,816,000	1.15

† Including extraordinary gains of $2,200,000 ($0.02 per share) in 1988, $4,200,000 ($0.05 per share) in 1987, $14,900,000 ($0.16 per share) in 1986, $5,600,000 ($0.06 per share) in 1985, and $11,400,000 ($0.13 per share) in 1984.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1988	1987
Specialty materials	$ 400,200	$ 385,900
Electronics & telecommunications	363,400	522,000
Health & science	743,100	627,900
Consumer products	614,800	547,900
Total	$ 2,121,500	$ 2,083,700

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.96	—	2-for-1
1987	0.71	—	
1986	0.70	—	—
1985	0.66	—	—
1984	0.60	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share +
1988	$ 1,560,700	$ 17.35
1987	1,535,700	16.63
1986	1,395,600	15.28
1985	1,224,700	13.72
1984	1,117,000	12.58

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	1/1/89	1/3/88
Net sales	$ 2,121,500	$ 2,083,700
Other income	30,800	28,900
Non-oper. gains	149,200	17,400
Total income	$ 2,301,500	$ 2,130,000
Cost of sales	1,397,700	1,407,500
Expenses	533,800	529,100
Prov. for restruc. costs	32,000	—
interest expense	41,000	39,900
Other expense	26,400	8,000
Income before taxes	$ 270,600	$ 145,500
Income taxes	103,200	55,300
Equity in earnings of assoc. companies	(127,200)	(98,900)
Minority interest	2,200	—
Net Income	$ 292,400	$ 189,100
Extraord. gain	2,200	4,200
Cum. effect of change in acctng. method	(83,900)	14,200
Net Income & extraord. gain	$ 210,700	$ 207,500

* Included in Costs and Expenses, Depreciation and Amortization: $153,900,000 in 1988 and $145,700,000 in 1987.
‡ Restated.

Assets
(000's)

As of	1/1/89	1/3/88
Cash	$ 29,400	$ 35,400
Short-term invest.	127,100	220,000
Accts. receiv., net	397,500	364,800
*Inventories	254,000	221,000
Deferred inc. taxes & other curr. assets	121,800	122,100
Current Assets	$ 929,800	$ 963,300
Investments	818,300	697,100
#Fixed assets	991,500	909,700
Other assets	158,300	88,600
Total Assets	$ 2,897,900	$ 2,658,700

Liabilities
(000's)

	1/1/89	1/3/88
Loans payable	$ 18,500	$ 11,000
Accts. payable	125,100	118,800
Accrued liabilities & accruals	365,100	350,100
Curr. Liabilities	$ 508,700	$ 479,900
Other liabilities	223,200	117,300
Loans payable	499,000	428,800
Deferred invest. credits & deferred inc. taxes	71,000	97,000
Minority interest	35,300	—
+Common stock	233,800	157,000
Retained earnings	1,275,500	1,324,300
Trans. adjustments	51,400	54,400
Total Liabilities & Shareholders' Equity	$ 2,897,900	$ 2,658,700

* At lower or cost (primarily LIFO) or market.
# Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.76	6.98
%Net Income to Sales	13.78	9.96
%Net Income to Equity	18.74	13.51
Sales to Inventories	8.35	9.43
Debt to Equity	0.33	0.29
Working Capital	$ 421,100,000	$ 483,400,000
Current Ratio	1.83	2.01
Shareholders' Equity	$ 1,560,700,000	$ 1,535,700,000

CPT Corporation

8100 Mitchell Road
P.O. Box 295
Minneapolis, Minnesota 55440-0295
(612) 937-8000

Officers: Dean F. Scheff, chairman of the board; Arthur B. Sims, president & chief exec. officer; James H. Kaufenberg, v.p. & chief financial officer; David F. Foster, sr. v.p.; Clayton R. Benish, Jr., vice president; Eugene V. DiMenna, vice president; Theodore Manakas, vice president; Francis J. Broghammer, vice president; Earl C. Steman, vice president; David Priebe, v.p., secretary & general counsel.

Directors: Dean F. Scheff, chairman; John Gerlach, Thomas G. Herschbach, John R. MacLennan, Mark P. Friedlander, Jr., Arthur B. Sims, Andrew H. Van de Ven, Gerald K. Carlson.

Areas of Work: The Company markets, sells and supports office information systems and integration services worldwide.

Subsidiaries:

SMR Computer Services, Inc.
Develops software solutions for the healthcare industry.

Information Storage, Inc. (20%-owned)
Xcellerated Computer Aided Technology (23.5%-owned)
CPT Text-Computer, GmbH (75%-owned)

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075-0738

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CPTC (NASDAQ)

Number of Employees:

1988	638
1987	981
1986	1,084
1985	1,463
1984	1,744

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 93,314,000	$ (18,985,000)
1987	101,293,000	(34,843,000)
1986	116,027,000	(21,500,000)
1985	149,301,000	(2,993,000)
1984	200,324,000	17,411,000

	No. of Com. Shares	Earn. per Share ‡ #
1988	14,451,197	$ —
1987	14,401,197	—
1986	15,812,197	—
1985	16,088,197	—
1984	16,707,553	1.05

(Loss)
‡ Including extraordinary gain of $2,123,000 in 1988.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 36,935,000	$ 2.56
1987	56,060,000	3.89
1986	97,894,000	6.19
1985	120,691,000	7.50
1984	129,730,000	7.76

Income Account *
(000's)

Year ended June 30	1988	1987
Net sales	$ 75,270	$ 79,048
Rentals & maint.	18,044	22,245
Total revenues	$ 93,314	$ 101,293
Cost of sales	49,351	50,832
Cost of rentals & maint.	8,037	10,300
Expenses	51,507	60,536
Interest expense	1,837	1,856
Equity losses	—	1,250
Prov. for restruc.	3,110	16,750
Loss bef. taxes	$ (20,528)	$ (40,231)
Income taxes (credit)	580	(5,388)
Net Loss	$ (20,528)	$ (34,843)
Extraord. gain	2,123	—
Net Loss & extraord. gain	$ (18,985)	$ (34,843)

* Included in Costs and Expenses, Depreciation and Amortization: $6,781,000 in 1988 and $9,799,000 in 1987.

Assets
(000's)

As at June 30	1988	1987
Cash	$ 16,364	$ 25,117
Accts. receiv., net	26,818	30,107
Inc. taxes recev.	64	2,353
*Inventories	19,469	26,925
Other curr. assets	2,315	2,800
Current Assets	$ 65,030	$ 87,302
#Fixed assets	22,313	32,231
Other assets	5,283	6,666
Total Assets	$ 92,626	$ 126,199

Liabilities
(000's)

	1988	1987
Notes payable	$ 2,811	$ 5,198
Long-term debt, curr.	352	593
Accts. payable	5,699	6,752
Accrued liab.	8,521	10,595
Deferred revenue	4,574	5,406
Curr. Liabilities	$ 21,957	$ 28,544
Long-term debt	2,571	3,309
Convert. subord. deben.	30,413	37,288
Deferred inc. taxes	550	700
Minority interest	200	298
+Common stock	723	720
Add. paid-in capital	36,574	36,874
Retained earnings	249	19,234
Foreign curr. trans.	(611)	(768)
Total Liabilities & Shareholders' Equity	$ 92,626	$ 126,199

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

Debt to Equity	0.16	0.16
Working Capital	$ 43,073,000	$ 58,758,000
Current Ratio	2.96	3.06
Shareholders' Equity	$ 36,935,000	$ 56,060,000

Cray Research, Inc.

608 Second Avenue South
Minneapolis, Minnesota 55402
(612) 333-5889

Officers: John A. Rollwagen, chairman of the board & chief exec. officer; Marcelo A. Gumucio, president & chief operating officer; Lester T. Davis, exec. v.p.-Chippewa operations; John F. Carlson, exec. v.p., chief financial officer & treasurer; Andrew Scott, vice chairman & counsel; Robert H. Ewald, exec. v.p.-software; Edward A. Masi, sr. v.p.-marketing; Michael G. Dickey, v.p.-international marketing; Robert A. Gaertner, v.p.-communications; Don F. Whiting, v.p.-manufacturing & asst. secretary; Richard F. Morris, v.p.-technical operations; Paul W. Dillingham, Jr., v.p.-government operations; Deborah E. Barber, v.p.-human resources; Gerald M. Brost, v.p.-engineering; Neil Davenport, v.p.-Colorado operations; Gregory T. Barnum, corporate controller; David E. Frasch, secretary & technology counsel; David P. Dyson, asst. secretary & corp. counsel; Mary K. McCormick, asst. secretary & international counsel.

Directors: Seymour R. Cray, Francis X. Driscoll, Thomas A. Longo, John A. Rollwagen, Andrew Scott, Robert L. Swiggett, Robert F. Zicarelli, Livio DeSimone, Marcelo A. Gumucio.

Areas of Work: Engaged in the design, development and manufacture of large-scale, high-speed computing systems intended for scientific applications, and the marketing and maintenance of such systems.

Subsidiaries:

Cray Research GmbH
Munich, West Germany

Cray Research Japan, Limited
Tokyo, Japan

Cray Canada, Inc.
Toronto, Canada

Cray Research B.V.
Rijswijk, The Netherlands

Cray Research (U.K.) Ltd.
Bracknell, England

Cray Research France S.A.
Paris, France

Cray Research A.B.
Linkoping, Sweden

Cray Research S.r.l.
Milan, Italy

Cray Research (Australia) Pty. Ltd.
Melbourne, Australia

Cray Research (Suisse) S.A.
Geneva, Switzerland

Cray Asia/Pacific, Inc.
Hong Kong

Cray Research A/S
Trondheim, Norway

Cray Research, S.A.E.
Madrid, Spain

Cray Computadores do Brasil
Rio de Janeiro, Brazil

Cray Research S.P.R.L.
Brussels, Belgium

Cray Research OY
Espoo, Finland

Cray Research (India) Ltd.
New Delhi, India

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075

Manufacturers Hanover Trust Company
40 Wall Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: CYR

Number of Employees:

1988	5,237	1985	3,180
1987	4,308	1984	2,203
1986	3,999		

Plant Footage:

1988	1,104,500 sq. ft.	1985	767,000
1987	967,600	1984	461,800
1986	823,800		

Sales & Earnings

	Revenue	Net Income
1988	$ 756,306,000	$ 156,631,000
1987	687,336,000	147,076,000
1986	596,685,000	124,815,000
1985	380,158,000	75,610,000
1984	228,752,000	45,352,000

	No. of Com. Shares	Earn per. Share #
1988	29,247,000	$ 4.99
1987	30,761,000	4.65
1986	30,276,000	3.99
1985	29,807,000	2.49
1984	29,348,000	1.53

# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 676,752,000	$ 23.14
1987	610,614,000	19.85
1986	441,856,000	14.59
1985	304,944,000	10.23
1984	220,452,000	7.51

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 557,266	$ 515,815
Leased systems	75,598	72,530
Service fees	123,442	98,991
Revenues	$ 756,306	$ 687,336
Cost of sales	177,175	150,211
Cost of leased systems	30,979	27,756
Cost of services	80,979	67,403
Expenses	249,217	220,732
Other income	(15,883)	(11,178)
Income before taxes	$ 233,839	$ 232,412
Income taxes	77,208	85,336
Net Income	$ 156,631	$ 147,076

* Included in Costs and Expenses, Depreciation and Amortization: $83,247,000 in 1988 and $72,056,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. invest.	$ 180,613	$ 174,713
Accts. receiv., net	116,984	96,887
*Inventories	236,260	192,888
Prepaid expenses	4,581	5,017
Current Assets	$ 538,438	$ 469,505
Long-term receivables	8,559	9,907
#Leased systems & spares	89,987	65,880
#Fixed assets	198,370	152,055
Investments & other assets	156,079	204,913
Total Assets	$ 991,433	$ 902,260

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 8,869	$ 8,856
Accts. payable	23,154	18,957
Accrued expenses	68,787	67,835
Income taxes	56,274	20,020
Cust. adv. pay.	42,377	51,892
Curr. Liabilities	$ 199,461	$ 167,560
Long-term debt	109,924	108,657
Deferred inc. taxes	5,296	15,429
+Common stock	31,162	30,860
Add. paid-in capital	123,166	108,562
Retained earnings	632,992	476,361
Foreign curr. trans. adj.	1,122	916
Treasury stock	(111,690)	(6,085)
Total Liabilities & Shareholders' Equity	$ 991,433	$ 902,260

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Revenues	30.92	33.81
%Net Income to Revenues	20.71	21.40
%Net Income to Equity	23.14	24.09
Debt to Equity	0.18	0.19
Working Capital	$ 338,977,000	$ 301,945,000
Current Ratio	2.70	2.80
Shareholders' Equity	$ 676,752,000	$ 610,614,000

Cross & Trecker Corporation

505 North Woodward Avenue
P.O. Box 925
Bloomfield Hills, Michigan 48013
(313) 644-4343

Officers: Russell A. Hedden, chairman of the board; Walter J. Aspatore, president; Johannes A. Buiteweg, v.p.-law & secretary; John J. Hinnendael, v.p.-finance; Donald P. Muench, treasurer; Roger John Lesinski, asst. secretary & corp. attorney; Larry C. Helber, controller.

Directors: Russell A. Hedden, chairman; Edward C. Mabbs, Thomas F. Russell, John F. Daly, Vincent R. Little, William P. Vititoe, Kenneth R. Stephanz, John G. Bollinger.

Areas of Work: Designs and builds special metal-cutting, assembly, and testing machines and integrated manufacturing systems. Also manufactures computer numerically-controlled machining centers, milling machines and turning machines, and computer-controlled multiple-machine flexible manufacturing systems. Designs and builds automated material handling systems for the foundry and power generating industries, grinding machines, flexible fabricating and inspection machines and systems.

Cross & Trecker Corporation

Operating Units:

The Cross Company
17801 East Fourteen Mile Road
Fraser, Michigan 48026
(313) 293-3000

Special machine tools and systems for mid- to high-volume, low-variety manufacturing; transfer lines, flexible transfer lines, shuttle and dial machines, assembly systems, broaching machines, feed power units, drill heads, high-speed piston turning machines, diagnostic electronics.

Cross & Trecker Credit Corporation
505 North Woodward Avenue
P.O. Box 925
Bloomfield Hills, Michigan 48013
(313) 644-4343

The Warner and Swasey Company
11000 Cedar Avenue
P.O. Box 94531
Cleveland, Ohio 44101
(216) 432-4009

Machine tools and measurement systems; horizontal turning machines, turret lathes and grinding machines for cylindrical parts; sheet-metal cutting, forming and punching machines and systems; measurement and autometrology systems; linear bearings.

Machine Remarketing Corporation
3611 Woodburn Avenue
Cincinnati, Ohio 45212
(513) 874-0015

Marketing of used and updated machinery, including appraisals, listing, storage, financing, sales and training.

Kearney & Trecker Corporation
11000 Theodore Trecker Way
Milwaukee, Wisconsin 53214
(414) 476-8300

Produces computer-controlled machine tools and multiple-machine flexible manufacturing systems.

Roberts Corporation
3001 West Main Street
Lansing, Michigan 48901
(517) 371-2460

Manufactures sand and mold handling systems, automatic pouring systems, and various support equipment for the foundry industry. Designs and builds automated material handling systems. Markets robots and automated guided vehicles.

Cross & Trecker Manufacturing
Warren, Michigan

Michigan Division
Warren, Michigan

Cross International
United Kingdom

Cross Europa-Werk, GmbH
West Germany

Alliance Automation Systems, Inc.
400 Trabold Road
Rochester, New York 14624
(716) 426-2700

Produces assembly automation machines and systems.

Sequoia Automation Systems, Inc.
Santa Clara, California

Designs and manufactures automated assembly systems, principally for printed circuit boards.

Transfer Agent(s):

First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CTCO (NASDAQ)

Number of Employees:

1988	4,000	1985	4,500
1987	4,100	1984	4,400
1986	4,300		

Plant Footage:

1988	2,000,000 sq. ft.	1986	2,500,000
1987	2,000,000	1985	3,000,000

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income
1988	$ 428,138,000	$ (23,590,000)
1987	422,220,000	(22,432,000)
1986	399,301,000	189,000
1985	402,708,000	11,743,000
1984	259,655,000	4,053,000

	No. of Com. Shares #	Earn. per Share #
1988	12,397,000	$ —
1987	12,415,000	—
1986	12,384,000	0.02
1985	12,355,000	0.95
1984	12,341,000	0.33

N.A. - Not Available.
(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	0.80	—	—
1985	0.80	—	—
1984	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 166,754,000	$ 13.46
1987	187,936,000	15.28
1986	208,257,000	16.80
1985	209,911,000	16.98
1984	205,590,000	16.65

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Revenues	$ 428,138	$ 422,220
Cost of sales	360,742	346,831
Expenses	91,773	94,596
Prov. for loss on restruc.	2,103	14,730
Other expense (income)	232	(2,650)
Interest expense	7,375	6,887
Loss before taxes	$ (34,087)	$ (38,174)
Tax credit	(11,544)	(20,478)
Loss - cont. oper.	$ (22,543)	$ (17,696)
Loss - discont. oper.	(1,047)	(4,736)
Net Loss	$ (23,590)	$ (22,432)

* Included in Cost and Expenses, Depreciation: $12,904,000 in 1988 and $13,427,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash & short-term invest.	$ 13,565	$ 9,888
Accts. receiv.	137,684	160,189
* Inventories	117,080	110,407
Other curr. assets	6,261	4,417
Current Assets	$ 274,590	$ 284,901
# Fixed assets	72,054	79,324
Other assets	34,294	36,156
Total Assets	$ 380,938	$ 400,381

Liabilities
(000's)

Short-term debt	$ 47,567	$ 43,164
Long-term debt, curr.	136	374
Accts. payable	53,126	39,919
Advance payments	1,951	3,669
Accruals	53,870	52,845
Income taxes	3,165	8,824
Curr. Liabilities	$ 159,815	$ 148,795
Long-term debt	38,000	38,301
Deferred income	7,982	8,544
Deferred taxes	8,387	14,787
+ Common stock	12,456	12,456
Add. paid-in capital	24,241	24,223
Retained earnings	122,546	146,151
Cumulative translation adjustment	8,415	7,596
Treasury stock	(904)	(472)
Total Liabilities & Shareholders' Equity	$ 380,938	$ 400,381

* At lower of cost (primarily LIFO) or market. Remainder at FIFO or specific identification methods.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Debt to Equity	0.51	0.43
Working Capital	$ 114,775,000	$ 136,106,000
Current Ratio	1.72	1.91
Shareholders' Equity	$ 166,754,000	$ 189,954,000

CTS Corporation

(29.7% owned by Dynamics Corporation of America)

905 N. West Boulevard
Elkhart, Indiana 46514
(219) 293-7511

Officers: Joseph P. Walker, chairman, president & chief exec. officer; John P. Colglazier, exec. v.p. & chief operating officer; Richard B. Patterson, v.p.-finance & chief financial officer; Willie P. Ozbirn, v.p.-research and development & sales and marketing; Duane H. Deering, v.p.-human resources; David K. Sentman, v.p.-corp. development & treasurer; Robert G. Early, v.p.; Jeannine M. Davis, v.p., secretary & general counsel.

Directors: Joseph P. Walker, chairman; Joseph DiGirolamo, Gerald H. Frieling, Jr., Andrew Lozyniak, Edward J. Mooney, Richard M. Ringoen, George F. Sommer.

Areas of Work: Manufactures electronic components for consumer, industrial and military electronic equipment. Products include variable resistors (potentiometers and trimmers), cermet microelectronic products (resistor and/or capacitor networks, hybrid circuits and variable resistors), loudspeakers, quartz crystal products (quartz crystals, filters, oscillators and crystal component ovens), injection molded plastic products, solid state rectifiers, selector switches, tools and dies, and automation machinery.

Divisions and Subsidiaries:

Electromechanical Division
1142 West Beardsley Avenue
Elkhart, Indiana 46514
(219) 523-0210

Resistor Network Division
406 Parr Road
Berne, Indiana 46711
(219) 589-3111

Microelectronics Division
1201 Cumberland Avenue
West Lafayette, Indiana 47906
(317) 463-2565

Frequency Control Division
400 Reimann Avenue
Sandwich, Illinois 60548
(815) 786-8411

Tool, Die & Machine Division
3000 Engle Road
Fort Wayne, Indiana 46809
(219) 747-0531

Brownsville Division
1100 Roosevelt Street
Brownsville, Texas 78520
(512) 546-5184

CTS of Canada, Ltd.
80 Thomas Street
Streetsville, Ontario, Canada
(416) 826-1141

CTS Components Taiwan, Ltd.
Central 6th Road (Chung Liu Road)
P.O. Box 26020
Kaohsiung, Taiwan

CTS Singapore Pte., Ltd.
Republic of Singapore

Bentonville Division
1300 S.E. 8th Street
Bentonville, Arkansas 72712

Systems Division
New Hope, Minnesota

Circuits Division
Baldwin, Wisconsin

Connector Division
New Hope, Minnesota
Cokato, Minnesota

Switch Division
Paso Robles, California

CTS U.K. Ltd.
Blantyre, Scotland, United Kingdom

CTS Electronics Hong Kong, Ltd.
Kowloon, Hong Kong

CTS de Mexico, S.A.
Matamovos, Mexico

Transfer Agent(s):

Midwest Commerce Banking Company
Elkhart, Indiana 46515

The Chase Manhattan Bank, N.A.
One Chase Manhattan Plaza
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: CTS

Number of Employees:

1988	6,374	1985	8,200
1987	6,642	1984	8,172
1986	6,508		

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 275,588,000	$ (3,920,000)
1987	261,083,000	11,480,000
1986	245,547,000	(13,148,000)
1985	261,613,000	9,436,000
1984	279,151,000	(2,582,000)

	No. of Com. Shares ‡	Earn per Share † ‡
1988	5,568,927	$ —
1987	5,656,400	2.03
1986	5,654,174	—
1985	5,746,165	1.64
1984	5,747,747	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $1,000,000 (0.18 per share) in 1987 and $6,299,000 in 1986.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.05	—	—
1987	0.625	—	
1986	1.00	—	—
1985	1.00	—	—
1984	1.00	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 115,937,000	$ 21.09
1987	125,512,000	22.33
1986	116,869,000	20.66
1985	136,089,000	24.10
1984	125,219,000	23.52

Income Account *
(000's)

Year ended	1/1/89	1/3/88
Net sales	$ 275,588	$ 261,083
Cost of sales	221,286	211,125
Expenses	37,505	32,888
Prov. for dispos. of operations	15,450	2,326
Interest expense	2,820	3,303
Other income	(2,313)	(2,980)
Income bef. taxes	$ 840	$ 14,421
Income taxes	3,035	3,941
Inc. (loss)-cont. oper.	$ (2,195)	$ 10,480
Loss-discont. oper.	(1,100)	—
Net Income (Loss)	$ (3,295)	$ 10,480
Extraord. gain	—	1,000
Cum. effect of acct. change	(625)	—
Net Income (Loss) & extraord. gain	$ (3,920)	$ 11,480

* Included in Costs and Expenses, Depreciation and Amortization: $26,409,000 in 1988 and $14,040,000 in 1987.

Assets
(000's)

As of	1/1/89	1/3/88
Cash & cert. of deposit	$ 23,403	$ 20,206
Accts. receiv., net	34,044	35,557
Recov. inc. taxes	—	2,445
*Inventories	46,386	49,815
Other curr. assets	2,451	2,347
Current Assets	$ 106,284	$ 110,370
#Fixed assets	57,647	73,809
Other assets	24,039	21,207
Total Assets	$ 187,970	$ 205,386

Liabilities
(000's)

Notes payable	$ 3,272	$ 5,667
Long-term debt, curr.	2,172	883
Accts. payable	13,561	17,467
Accrued payroll	5,822	5,803
Accrued discontinuance	7,007	2,164
Deferred income	2,835	2,433
Other accruals	12,724	9,529
Curr. Liabilities	$ 47,393	$ 43,946
Long-term debt	22,224	33,846
Deferred inc. taxes	2,416	2,082
+Common stock	34,771	34,895
Retained earnings	87,786	94,485
Cum. for. curr. trans.	1,086	1,341
Treasury stock	(7,706)	(5,209)
Total Liabilities & Shareholders' Equity	$ 187,970	$ 205,386

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. taxes to Sales	—	5.52
%Net Income to Sales	—	4.40
%Net Income to Equity	—	9.15
Sales to Inventories	5.94	5.24
Debt to Equity	0.24	0.32
Working Capital	58,891,000	$ 66,424,000
Current Ratio	2.24	2.51
Shareholders' Equity	$ 115,937,000	$ 125,512,000

Cubic Corporation

9333 Balboa Avenue
San Diego, California 92123
(619) 277-6780

P.O. Box 85587
San Diego, California 92138

Officers: Walter J. Zable, president, chairman of the board & chief exec. officer; Walter C. Zable, vice chairman & v.p.; William C. Stewart, Jr., v.p.-secretary & general counsel; Colvin C. Weliborn, sr. v.p.; Louis G. Dameson, Jr., v.p.-corp. planning; Marlyn L. Hicks, v.p.-corporate; Raymond L. deKozan, v.p.-marketing & contracts; William J. Thompson, v.p.-development planning; Thomas A. Baz, v.p. & corp. controller; William Boyle, v.p.-finance & treasurer; Jerome M. Ringer, asst. to the president-investor relations.

Directors: Walter J. Zable, chairman; Thomas Moran, Jackson D. Arnold, Walter C. Zable, Malin Burnham, Robert T. Monagan, Raymond E. Peet.

Areas of Work: Designs, develops and manufactures simulation and training systems, navigational systems, surveying equipment, elevators, automated and manual fare collection systems, oil exploration equipment, welding supplies, gases, safety equipment, power-tools, radio communications equipment, and electronic medical equipment.

Divisions and Subsidiaries:

Cubic Defense Systems, Inc.
9333 Balboa Avenue
San Diego, California 92123
(619) 277-6780

Cubic Communications
305 Airport Road
Oceanside, California 92054
(619) 757-7525

Cubic Far East (Singapore) Pte Ltd.
4 Shenton Way
#17-00 Shing Kwan House
Singapore 0106
65-223-2023

Cubic Precision/K&E Electro-Optical Products
750 Huyler Street
Teterboro, New Jersey 07608
(201) 288-6000

Westinghouse Cubic Limited (50%-owned)
177 Nutfield Road, Merstham
Surrey RH1 3HH, England
44-73-744921

G.S. Parsons Companies
9010 Clairemont Mesa Boulevard
San Diego, California 92123
(619) 279-8200

U.S. Elevator Corp.
10728 U.S. Elevator Road
Spring Valley, California 92078
(619) 660-1000

Consolidated Converting Company
2601 Workman Mill Road
Whittier, California 90601
(213) 692-9421

Cubic Western Data
5650 Kearny Mesa Road
San Diego, California 92111
(619) 268-3100

Cubic Precision Survey Systems Division
1308 South Washington Street
Tullahoma, Tennessee 37388
(615) 455-8524

Automatic Toll Systems, Inc.
25 Central Avenue
Teterboro, New Jersey 07608
(201) 288-9595
Manufactures automatic and manual toll collection systems for use on highways, bridges, and tunnels.

Transfer Agent(s):

California First Bank
San Diego, California

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: CUB

Number of Employees:

1988	3,800	1986	4,512
1987	4,500		

Plant Footage:

1988 .... 970,120 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 364,895,000	12,836,000
1987	357,569,000	7,932,000
1986	337,802,000	1,125,000
1985	331,701,000	14,725,000
1984	275,097,000	14,018,000

	No. of Com. Shares #	Earn. per Share #
1988	7,552,000	$ 1.70
1987	7,661,000	1.04
1986	7,783,000	0.14
1985	7,873,000	1.87
1984	7,926,000	1.77

# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenue By Line of Business

	1988 (000's)	%	1987 (000's)	%
Electronic defense systems	$ 157,700	43 %	$ 150,700	42 %
Elevator products	111,800	31	112,100	31
Fare collection systems	42,100	12	40,800	12
Industrial oper.	53,300	14	54,000	15
Total	$ 364,900	100 %	$ 357,600	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.42	—	—
1987	0.39	—	
1986	0.39	—	—
1985	0.39	—	—
1984	0.39	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 117,887,000	$ 15.88
1987	111,632,000	14.59
1986	108,654,000	13.97
1985	110,644,000	14.21
1984	101,730,000	12.83

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 364,895,000	$ 357,569,000
Interest income	1,759,000	2,421,000
Other income	3,537,000	1,848,000
Gain on sale of subsid.	2,826,000	—
Total income	$ 373,017,000	$ 361,838,000
Cost of sales	282,921,000	275,161,000
Expenses	66,546,000	68,584,000
Interest expense	6,865,000	4,912,000
Income before taxes	$ 16,685,000	$ 13,181,000
Income taxes	4,457,000	5,249,000
Cum. effect of accntng. change	(608,000)	—
Net Income	$ 12,836,000	$ 7,932,000

* Included in Costs and Expenses, Depreciation and Amortization: $10,577,000 in 1988 and $9,480,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 4,693,000	$ 269,000
Marketable securities	12,736,000	9,755,000
Accts. receiv., net	133,076,000	128,253,000
*Inventories & costs of contracts	28,752,000	34,187,000
Prepaid expenses	7,664,000	9,363,000
Current Assets	$ 186,921,000	$ 181,827,000
#Fixed assets	54,219,000	63,562,000
Other assets	11,715,000	11,557,000
Total Assets	$ 252,855,000	$ 256,946,000

Liabilities

Short-term borrowings	$ —	$ 5,500,000
Long-term debt. curr.	12,378,000	2,388,000
Accts. payable	22,412,000	27,139,000
Accrued payroll	9,352,000	11,434,000
Income taxes	7,323,000	4,858,000
Other liab.	17,154,000	15,739,000
Curr. Liabilities	$ 68,619,000	$ 67,058,000
Long-term debt	61,936,000	72,469,000
Deferred inc. taxes	2,126,000	3,613,000
Deferred comp.	2,287,000	2,174,000
+Common stock	234,000	234,000
Add. paid-in capital	12,123,000	12,123,000
Retained earnings	113,808,000	104,133,000
Treasury stock	(8,278,000)	(4,858,000)
Total Liabilities & Shareholders' Equity	$ 252,855,000	$ 256,946,000

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.57	3.69
%Net Income to Sales	3.52	2.22
%Net Income to Equity	10.89	7.11
Debt to Equity	0.63	0.72
Working Capital	$ 118,302,000	$ 114,769,000
Current Ratio	2.72	2.71
Shareholders' Equity	$ 117,887,000	$ 111,632,000

Curtiss-Wright Corporation

(44%-owned by subsidiaries of Teledyne, Inc.)

1200 Wall Street West
Lyndhurst, New Jersey 07071
(201) 896-8400

Officers: T. Roland Berner, chairman & president; Charles E. Ehinger, exec. v.p.; David Lasky, sr. v.p. & general counsel; Gerald Nachman, v.p. & pres.-Metal Improvement Company; Francis E. Fallon, secretary; John F. Staubach, v.p. & controller.

Directors: T. Roland Berner, chairman; S. D. Brinsfield, John S. Bull, John B. Morris, William F. Raborn, Jr., Richard Dicker.

Areas of Work: Produces and markets precision components and systems, and provides highly engineered services to three broad areas of business activity: Aerospace, Flow Control and Marine, and Industrial.

Subsidiaries:

Curtiss-Wright/Marquette, Inc.
501 Old Boiling Springs Road
Shelby, North Carolina 28150
Precision spring clutches, manual impact wrenches, and aircraft windshield wiper systems.

Curtiss Wright Flight Systems/Shelby, Inc.
501 Old Boiling Springs Road
Shelby, North Carolina 28150
Product support of gas turbine electrical generating equipment and jet engine and reciprocating engine.

Metal Improvement Company, Inc.
10 Forest Avenue
Paramus, New Jersey 07652
Shot-peening, peen-forming, composite repair and heat treating services.

Target Rock Corporation
1966 East Broadhollow Road
East Farmingdale, New York 11735
Globe, gate, control, solenoid and safety relief valves.

Curtiss-Wright of Canada, Inc.
1815 Sismet Road
Mississauga, Ontario L4W 1P9, Canada
Air compressors and distribution of small reciprocating engines.

Curtiss-Wright Flight Systems, Inc.
501 Fairfield Road
Fairfield, New Jersey 07006
Aerospace control and actuation components and systems.

Buffalo Facility
60 Grider Street
Buffalo, New York 14215
Custom extruded shapes and seamless alloy pipe.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: CW

Number of Employees:

1988	1,900	1985	2,026
1987	1,883	1984	1,739
1986	1,993		

Plant Footage:

1988	1,046,000 sq. ft.	1986	925,000
1987	925,000		

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 170,999,000	$ 27,995,000
1987	165,064,000	31,612,000
1986	166,444,000	22,747,000
1985	159,942,000	(42,361,000)
1984	144,369,000	1,886,000

	No. of Com. Shares †	Earn. per Share ‡ †
1988	4,979,000	$ 5.62
1987	4,878,000	6.48
1986	4,867,000	4.67
1985	4,852,000	—
1984	4,836,000	0.39

(Loss)
‡ Including extraordinary gains of $2,023,000 ($0.41 per share) in 1988, $3,548,000 ($0.73 per share) in 1987 and $1,445,000 ($0.29 per share) in 1986.
† Based on the weighted average number of common shares outstanding during each year.

Revenues By Line of Business
(000's)

	1988	1987
Aerospace	$ 98,100	$ 80,600
Industrial prods.	43,800	41,700
Flow control & marine	29,100	42,900
Total	$ 171,000	$ 165,200

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.60	—	—
1987	1.60	—	
1986	1.40	—	—
1985	1.20	—	—
1984	1.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 244,359,000	$ 49.08
1987	221,035,000	45.31
1986	196,348,000	40.34
1985	179,643,000	37.02
1984	148,169,000	30.64

† Based on the weighted average number of common shares outstanding during each year.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 170,999	$ 165,064
Gain on sale of real est. & equip.	13,901	17,454
Interest & div. inc.	9,734	7,045
Other income	79	3,764
Total revenues	$ 194,713	$ 193,327
Cost of sales & expenses:		
Prod. & eng.	118,176	109,071
Sell. & serv.	8,125	10,922
Adm. & gen.	33,545	29,276
Interest	3,037	3,469
Inc. bef. taxes	$ 31,830	$ 40,589
Income taxes	5,858	12,525
Net Income	$ 25,972	$ 28,064
Extraord. gain	2,023	3,548
Net Income & extraord. gain	$ 27,995	$ 31,612

* Included in Costs and Expenses, Depreciation and Amortization: $10,970,000 in 1988 and $9,003,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 2,670	$ 2,915
Marketable securities	133,692	117,558
Accts. receiv., net	25,945	23,919
Unbilled charges	17,803	15,545
Refund. inc. taxes	—	3,873
*Inventories	31,072	30,357
Other curr. assets	5,754	5,349
Current Assets	$ 216,936	$ 199,516
Investment	—	5,696
#Fixed assets	93,435	102,744
Other assets	12,567	13,993
Total Assets	$ 322,938	$ 321,949

Liabilities
(000's)

	1988	1987
Accts. payable	$ 8,302	$ 7,075
Accrued comp.	3,646	4,642
Accruals	9,493	10,788
Income taxes	3,304	—
Def. inc. taxes	2,598	8,458
Other curr. liab.	10,487	10,483
Curr. Liabilities	$ 37,830	$ 41,446
Long-term debt	30,566	46,212
Deferred inc. taxes	10,183	13,256
+Common stock	10,000	10,000
Add. paid-in capital	57,534	57,006
Retained earnings	366,968	346,942
Unreal. deprec. on invest.	—	(2,446)
Unearned portion of restric. stock	(4,474)	(1,143)
Eq. adjust. from for. curr. trans.	(169)	1,052
Treasury stock	(185,500)	(190,376)
Total Liabilities & Shareholders' Equity	$ 322,938	$ 321,949

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Revenues	16.35	20.99
%Net Income to Revenues	13.34	14.52
%Net Income to Equity	10.63	12.70
Debt to Equity	0.13	0.21
Working Capital	$ 179,106,000	$ 158,070,000
Current Ratio	5.73	4.81
Shareholders' Equity	$ 244,359,000	$ 221,035,000

Cushman Electronics, Inc.

3991 MacArthur Boulevard
Suite 225
Newport Beach, California 92660
(714) 724-1666

Officers: John F. Bishop, chairman of the board, chief financial officer & treasurer; Mark K. Howlett, vice chairman of the board & secretary; Robert D. Johnson, president; James P. Maslyn, v.p.-finance & asst. secretary; Raymond V. White, v.p. & dir.-advanced design; Gerald C. Tucker, v.p. & asst. to the president.

Directors: John F. Bishop, chairman of the board; J. Bradford Bishop, Mark K. Howlett, Robert D. Johnson.

Areas of Work: Designs, manufactures, markets and services advanced test instruments for the worldwide radio maintenance and telecommunications industries.

Transfer Agent(s):

First Interstate Bank of California
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CUSH (NASDAQ)

Number of Employees:

1988	33	1985	97
1987	72	1984	169
1986	78		

Plant Footage:

1988	10,700 sq. ft.	1985	43,300
1987	N.A.	1984	43,300
1986	43,300		

N.A.-Not Available.

Sales & Earnings

	Net Sales	Net Income #
1988	$ 4,716,000	$ 378,000
1987	6,870,000	(1,987,000)
1986	7,746,000	(642,000)
1985	8,063,000	(1,694,000)
1984	10,353,000	366,000

	No. of Com. Shares	Earn. per Share #†
1988	1,068,000	$ 0.17
1987	1,018,000	—
1986	1,039,000	—
1985	1,043,000	—
1984	1,043,000	0.35

(Loss)
Including extraordinary gains of $202,000 ($0.19 per share) in 1988 and $142,000 in 1987.
† Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	0.06	—	—
1984	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 255,000	$ 0.24
1987	(141,000)	—
1986	1,886,000	1.81
1985	2,538,000	2.43
1984	4,294,000	4.12

(Deficiency)

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 4,716,000	$ 6,870,000
Cost of sales	3,240,000	5,003,000
Expenses	1,385,000	3,136,000
Loss (gain) on discont. prod. line	(200,000)	951,000
Inc. (loss) bef. taxes	$ 291,000	$ (2,220,000)
Income taxes (credit)	115,000	(91,000)
Net Income (Loss)	$ 176,000	$ (2,129,000)
Extraord. gain	202,000	142,000
Net Income (Loss) & extraord. gain	$ 378,000	$ (1,987,000)

* Included in Costs and Expenses, Depreciation: $72,000 in 1988 anbd $181,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 5,000	$ 28,000
Accts. receiv., net	900,000	997,000
* Inventories	245,000	318,000
Assets held for sale-discont. line	—	443,000
Prepaid expenses	34,000	66,000
Current Assets	$ 1,184,000	$ 1,852,000
# Fixed assets	89,000	92,000
Notes receivable	20,000	28,000
Investment in affil.	114,000	134,000
Other assets	19,000	10,000
Total Assets	$ 1,426,000	$ 2,116,000

Liabilities

	1988	1987
Accts. payable	$ 277,000	$ 786,000
Est. costs to compl. contracts in prog.	200,000	—
Costs of restructuring	96,000	362,000
Accruals	506,000	1,007,000
Income taxes pay.	92,000	81,000
Curr. Liabilities	$ 1,171,000	$ 2,236,000
Deferred gain	—	21,000
+ Common stock	1,280,000	1,262,000
Retained earnings (deficit)	(1,025,000)	(1,403,000)
Total Liabilities & Shareholders' Equity	$ 1,426,000	$ 2,116,000

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	6.17	—
%Net Income to Sales	3.73	—
Sales to Inventories	19.25	21.60
Working Capital	$ 13,000	—
Current Ratio	1.01	—
Shareholders' Equity (Deficiency)	$ 255,000	$ (141,000)

Daedalus Enterprises, Inc.

300 Parkland Plaza
P.O. Box 1869
Ann Arbor, Michigan 48106
(313) 769-5649

Officers: Thomas R. Ory, president & chief exec. officer; Sarah J. White, treasurer; Charles G. Stanich, v.p.-research & development & chief operating officer; Lloyd A. Semple, secretary.

Directors: Alan K. Parker, Philip H. Power, John D. Sanders, Thomas R. Ory, Marvin R. Holter.

Areas of Work: Manufactures remote sensing devices. The principal products are scanner systems which are installed in aircraft for acquisition of remote sensing data. These data are subsequently processed on the ground by the company's data handling equipment. The information derived from the airborne sensor and processed by the ground stations is used for monitoring and measuring water pollution; for oil, mineral and goethermal exploration; for heat budget and energy loss studies; and for the evaluation of other environmental quality related problems.

Transfer Agent(s):

Michigan National Bank
P.O. Box 1707
Grand Rapids, Michigan 49501

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	20	1986	29
1987	16		

Plant Footage:

1988	20,000 sq. ft.	1986	18,500
1987	20,000		

Sales & Earnings

	Net Sales	Net Income †
1988	$ 3,397,164	$ 424,739
1987	1,779,586	(543,912)
1986	3,832,869	427,637
1985	2,045,834	(521,555)
1984	2,047,005	(365,358)

	No. of Com. Shares	Earn. per Share † ‡
1988	547,835	$ 0.78
1987	547,535	—
1986	544,424	0.73
1985	540,783	—
1984	509,109	—

(Loss)
† Including extraordinary gains of $148,000 ($0.27 per share) in 1988 and $177,000 ($0.30 per share) in 1986.
‡ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 1,542,490	$ 2.82
1987	1,127,897	2.06
1986	1,662,688	3.05
1985	1,225,220	2.27
1984	1,654,672	3.25

Income Account *

Year ended July 31	1988	1987
Net sales	$ 3,397,164	$ 1,779,586
Other income	56,476	66,077
Total income	$ 3,453,640	$ 1,845,663
Cost of sales	2,102,087	1,089,831
Expenses	804,181	1,165,142
Interest expense	122,633	134,602
Income (loss) bef. taxes	$ 424,739	$ (543,912)
Income taxes	148,000	—
Net Income (Loss)	$ 276,739	$ (543,912)
Extraord. gain	148,000	—
Net Income (Loss) & extraord. gain	$ 424,739	$ (543,912)

* Included in Costs and Expenses, Depreciation: $100,482 in 1988 and $134,537 in 1987.

Assets

As of July 31	1988	1987
Cash	$ 200,798	$ 75,721
Accts. receiv., net	382,628	338,511
Unbilled accts. receiv.	658,361	47,807
*Inventories	663,310	981,638
Other current assets	14,437	28,457
Current Assets	$ 1,919,534	$ 1,472,134
#Fixed assets	1,425,441	1,437,996
Other assets	135,786	78,527
Total Assets	$ 3,480,761	$ 2,988,657

Liabilities

	1988	1987
Note payable	$ —	$ 200,100
Long-term debt, curr.	60,000	60,000
Accts. payable	477,469	146,929
Accrued payroll	244,173	235,563
Other accruals	31,525	35,525
Income taxes	61,104	58,643
Curr. Liabilities	$ 874,271	$ 736,760
Long-term debt	1,015,000	1,075,000
Deferred income taxes	49,000	49,000
+ Common stock	5,478	5,475
Add. paid-in capital	980,458	979,650
Retained earnings	556,554	142,772
Total Liabilities & Shareholders' Equity	$ 3,480,761	$ 2,988,657

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	12.50	—
%Net Income to Sales	8.15	—
%Net Income to Equity	17.94	—
Sales to Inventories	5.12	1.81
Debt to Equity	0.70	0.95
Working Capital	$ 1,045,263	$ 735,374
Current Ratio	2.20	2.00
Shareholders' Equity	$ 1,542,490	$ 1,127,897

Daisy Systems Corporation

700 East Middlefield Road
Mountain View, California 94043
(415) 960-0123

Officers: Max Palevsky, chairman of the board; Norman E. Friedmann, president & chief executive officer; David A. Stamm, executive v.p.; Paul M. Hachigian, sr. v.p.; James Macauley, vice president; Robert Coon, vice president; John DeSantis, vice president; Michael Pope, vice president; James Paul Romanos, vice president; F. Taylor Scanlon, vice president; Dennis Sabo, vice president; Rodney F. Sloss, vice president; David Stevens, vice president; James Ulatowski, vice president; E. Arlin Torbett, vice president; Lyle York, vice president; Kenneth J. Nussbacher, general counsel & secretary; Denis Cohen, president-Daisy Systems International; Moti Carmel, president-Daisy Systems (Israel) Ltd..

Directors: Max Palevsky, chairman; Sanford Kaplan, Richard D. DeLauer, Norman E. Friedmann, Edmund M. Kaufman, Robert G. Sims, David A. Stamm.

Areas of Work: Designs, manufactures, markets and services electronic design automation (EDA) systems for use in all segments of the electronics industry.

Subsidiaries:

Daisy Systems International

Daisy Systems (Israel) Ltd.

Acquisition:

Cadnetix Corporation
5757 Central Avenue
Boulder, Colorado 80301
Manufactures computer-aided engineering (CAE) and computer-aided design (CAD) workstations.

Transfer Agent(s):

The First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DAZY (NASDAQ)

Number of Employees:

1988	860	1985	923
1987	801	1984	565
1986	883		

Plant Footage:

1988	N.A.	1987	208,000 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income #
1988	$ 117,400,000	$ 6,924,000
1987	100,860,000	(16,276,000)
1986	107,149,000	(1,081,000)
1985	122,548,000	21,158,000
1984	69,148,000	11,030,000

	No. of Com. Shares ‡	Earn. per Share #‡
1988	17,981,000	$ 0.39
1987	17,773,000	—
1986	17,520,000	—
1985	17,351,000	1.22
1984	15,095,000	0.73

(Loss)
# Including extraordinary gain of $1,585,000 ($0.09 per share) in 1988.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 139,851,000	$ 8.05
1987	136,602,000	7.63
1986	151,365,000	8.56
1985	149,968,000	8.66
1984	50,995,000	3.54

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net revenues	$ 117,400	$ 100,860
Cost of revenues	40,039	38,433
Research & develop. exp.	20,801	24,032
Mktng., gen. & adm. exp.	56,226	57,557
Special items	—	8,300
Interest income	(4,142)	(3,990)
Other expense (income)	(1,774)	204
Inc. (loss) bef. taxes	$ 6,250	$ (23,676)
Income taxes (credit)	911	(7,400)
Net Income (Loss)	$ 5,339	$ (16,276)
Extrord. gain	1,585	—
Net Income (Loss) & extraord. gain	$ 6,924	$ (16,276)

* Included in Costs and Expenses, Depreciation and Amortization: $13,948,000 in 1988 and $12,399,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash & cash equiv.	$ 29,139	$ 11,733
Short-term invest.	47,668	64,918
Accts. receiv., net	30,389	29,448
*Inventories	17,139	11,753
Prepaid inc. taxes	1,821	11,248
Prepaid expenses	3,244	1,022
Current Assets	$ 129,400	$ 130,122
#Fixed assets	20,491	24,550
Other assets	18,022	9,130
Total Assets	$ 167,913	$ 163,802

Liabilities
(000's)

Accts. payable	$ 4,940	$ 4,924
Accruals	15,829	12,450
Deferred revenue	3,796	3,200
Income taxes	828	689
Curr. Liabilities	$ 25,393	$ 21,263
Deferred inc. taxes	—	2,119
Other liabilities	2,669	3,818
+Common stock	18	18
Add. paid-in capital	119,830	119,731
Treasury stock	(3,774)	—
Retained earnings	23,777	16,853
Total Liabilities & Shareholders' Equity	$ 167,913	$ 163,802

* At lower of cost (currently adjusted standards) or market.
# Less accumulated depreciation and amortization.
+ $0.001 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.32	—
%Net Income to Sales	4.55	—
%Net Income to Equity	3.82	—
Working Capital	$ 104,007,000	$ 108,859,000
Current Ratio	5.10	6.12
Shareholders' Equity	$ 139,851,000	$ 136,602,000

Damon Corporation

115 Fourth Avenue
Needham Heights, Massachusetts 02194
(617) 449-0800

Officers: David I. Kosowsky, chairman and chief executive officer; Robert P. Schneider, president and chief operating officer; Allan B. Beitchman, exec. v.p.-finance & chief financial officer; Joseph C. Isola, sr. v.p. & gen. mgr.-Damon Clinical Laboratories; D. Joseph Powell, sr. v.p.-administration; Vernon F. Sherman, Jr., sr. v.p.-finance & treasurer; Marcia Amsterdam Kean, v.p.-corporate communications; Daniel R. Cotte, v.p.-management information systems; Norman R. Curtis, v.p. & gen. mgr.-International Equipment Company; William T. Thurston, v.p.-operations, Damon Clinical Laboratories; Raymond E. Vermette, v.p.-operations, Damon Clinical Laboratories; Beno R. Kon, v.p.-controller, Damon Clinical Laboratories; Allen D. McGee, v.p.-business development, Damon Clinical Laboratories; Richard T. Theken, v.p.-human resources; Shamai Winitzer, v.p. & gen. mgr.-diagnostic instruments; David L. Steele, v.p. & controller; Bruce G. Goodman, v.p.-legal affairs; Constantine Alexander, secretary.

Directors: David I. Kosowsky, chairman; W. Gerald Austen, Allan B. Beitchman, Peter A. Brooke, Charles C. Cunningham, Jr., Charles L. Lea, Jr., Robert P. Schneider.

Areas of Work: Through Damon Clinical Laboratories, Damon owns and operates a network of regional laboratories throughout the U.S. that perform clinical testing of blood and tissue samples. Through its International Equipment Company subsidiary, the company is engaged in the production of microprocessor-controlled laboratory centrifuges, microtome cyrostats and centrifuge accessories. These products are primarily used in the fields of biomedical research and clinical testing. The Electronics Products Division manufactures crystal filters, high-quality crystal oscillators and surface acoustic wave devices for radar missile systems, radar fire control systems and navigation and communications equipment.

Divisions:

Damon Clinical Laboratories
115 Fourth Ave.
Needham Heights, Massachusetts 02194

Electronics Products Division
80 Wilson Way
Westwood, Massachusetts 02090

Diagnostic Instruments Division
Manufactures a portable ultra sound scanner.

Subsidiary:

International Equipment Company
300 Second Avenue
Needham Heights, Massachusetts 02194

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, London

Ticker Symbol: DMN

Number of Employees:

1988	3,500	1985	2,500
1987	3,300	1984	2,700
1986	2,500		

Plant Footage:

1988	N.A.	1985	153,000
1987	153,000 sq. ft.	1984	174,600
1986	153,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales ‡ +	Net Income †
1988	$ 208,148,000	$ 2,175,000
1987	170,185,000	1,992,000
1986	145,695,000	(2,619,000)
1985	127,004,000	(3,227,000)
1984	125,008,000	2,762,000

	No. of Com. Shares #	Earn. Per Share †#
1988	10,075,000	$ 0.22
1987	9,339,000	0.21
1986	9,577,000	—
1985	9,878,000	—
1984	10,040,000	0.27

(Loss)
‡ Includes sales of services and products.
+ Of continuing operations only.
† Including extraordinary gains of $135,000 ($0.01 per share) in 1987, $147,000 in 1985, $550,000 ($0.05 per share) in 1984, and extraordinary loss of $111,000 in 1986.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Medical services	$ 152,222	$ 116,906
Medical & elec. prods.	36,057	32,645
Hobby & educational products	19,869	20,634
Total	$ 208,148	$ 170,185

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.20	—	—
1987	0.13	—	
1986	0.13	—	—
1985	0.13	—	—
1984	0.13	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 67,172,000	$ 7.02
1987	59,732,000	6.35
1986	57,079,000	6.12
1985	56,385,000	5.75
1984	62,697,000	6.27

‡ Adjusted to reflect stock split.

Income Account *

Year ended Aug. 31	1988	1987
Net sales of serv. & prods.	$ 208,147,734	$ 170,185,146
Cost of sales	130,100,348	102,648,969
Expenses	55,415,269	45,127,325
Prov. for doubtful accts.	4,384,378	3,558,007
Res. & develop. exp.	2,104,390	2,162,944
Interest expense	1,514,946	1,250,336
Inc. bef. taxes	$ 14,628,403	$ 15,437,565
Income taxes	5,298,000	7,013,000
Minority interest	1,180,696	965,585
Inc.-cont. oper.	$ 8,149,707	$ 7,458,980
Loss-discont. oper.	(5,975,176)	(5,602,104)
Net Income	$ 2,174,531	$ 1,856,876
Extraordinary gain	—	135,000
Net Income & extraord. gain	$ 2,174,531	$ 1,991,876

* Included in Costs and Expenses, Depreciation and Amortization: $6,426,955 in 1988 and $6,038,310 in 1987.

Assets

As of Aug. 31	1988	1987
Cash & market. secur.	$ 20,786,643	$ 31,755,941
Accts. receiv., net	35,998,722	27,408,634
*Inventories	19,546,475	19,397,207
Prepaid expenses	1,544,229	1,990,935
Net assets-discont. oper.	6,997,389	—
Current Assets	$ 84,873,458	$ 80,552,717
#Fixed assets	31,300,991	34,091,120
Investments	400,000	1,887,967
Other assets	2,497,645	2,463,402
Intangibles	7,470,842	10,058,748
Prepaid pension cost	8,841,656	774,719
Total Assets	$ 135,384,592	$ 129,828,673

Liabilities

Notes payable & long-term debt., curr.	$ 5,050,049	$ 4,838,313
Accts. payable	8,809,442	8,024,571
Accrued payroll	10,162,744	9,082,970
Other accruals	2,703,423	3,915,533
Income taxes	1,907,435	4,721,650
Curr. Liabilities	$ 28,633,093	$ 30,583,037
Mortg. & notes payable	25,594,460	9,726,406
Conv. subord. 5.25% deben.	—	9,904,000
Other obligations	4,626,990	4,783,761
Deferred inc. taxes	7,108,465	8,142,482
Minority interest	2,249,996	6,957,236
+Common stock	2,391,550	2,352,541
+Junior common stock	43,096	43,096
Add. paid-in capital	44,242,338	37,222,141
Retained earnings	21,770,134	21,492,934
Note receiv. from sale of stock	(64,645)	(168,076)
For. curr. trans. adj.	(1,210,885)	(1,210,885)
Total Liabilities & Shareholders' Equity	$ 135,384,592	$ 129,828,673

* At lower of average cost or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Net Income to Equity	3.24	3.11
Debt to Equity	0.46	0.24
Working Capital	$ 56,240,365	$ 49,969,680
Current Ratio	2.96	2.63
Shareholders' Equity	$ 67,171,588	$ 59,731,751

Danaher Corporation

3524 Water Street N.W., Washington D.C. 20007
(202) 333-1805

Officers: Steven M. Rales, chairman & chief exec. officer; Mitchell P. Rales, president; Patrick W. Allender, chief financial officer; M. Teri Lynch, treasurer; Arthur P. Byrne, group executive; John A. Cosentino, Jr., group executive; C. Scott Brannan, controller.

Directors: Steven M. Rales, chairman; Walter G. Lohr, Jr., Mitchell P. Rales, Donald J. Ehrlich, A. Emmet Stephenson, Jr., George A. Kellner.

Areas of Work: Manufactures automotive and transportation products, instrumentation, precision components and extruded products.

Divisions and Subsidiaries:

Automotive and Transportation:

Fayette Tubular Products
Products of the Automotive and Transportation segment include automobile air conditioning components, wheel service equipment, diesel engine retarders and professional mechanics tools and equipment.

Hennessy Industries, Inc.
Matco Tools Corporation
Jacobs Manufacturing Company

Instrumentation:

Veeder-Root Company
The Instrumentation segment produces and sells temperature, level and position sensing devices; liquid flow measuring devices; and mechanical, electronic and magnetic counting and controlling devices.

Dynapar Corporation
Partlow Corporation
Qualitrol Corporation

Precision Components:

Holo-Krome/Allen Manufacturing
Products of the Precision Components segment include a wide range of precision screw socket screws, special fasteners, shaft collars and couplings drill chucks, connectors and other high quality miniature precision parts made primarily on Swiss screw machines. The segment also assembles and distributes construction equipment.

Iseli Company
Allied Steel and Tractor Products, Inc.

Plastic Products:

Master Shield, Inc.
Products of the Plastic Products segment include vinyl siding and related accessories, vinyl window profile extrusions, custom molded plastic products and extruded thermoplastic mill shapes.

A.L. Hyde Company

Acquisition:

Ammco Tools, Inc.
Manufactures lathes used to repair brake drums.

Transfer Agent(s):

Mellon Securities Trust Company
1110 Brickell Avenue, Suite 208
Miami, Florida 33131

Stock Exchange(s): New York, Pacific

Ticker Symbol: DHR

Number of Employees:

1986 7,100

Plant Footage:

1986 ...... 3,664,000 sq. ft.

Sales & Earnings

	Net Sales +	Net Income †
1987	615,022,000	$ 18,969,000
1986	254,836,000	15,401,000
1985	111,359,000	13,525,000
1984	32,561,000	2,880,000
1983	24,398,000	(3,718,000)

	No. of Com. Shares #	Earn. per Share ‡ †
1987	22,808,005	$ 0.85
1986	20,391,658	0.75
1985	20,391,658	0.66
1984	20,383,808	0.17
1983	14,960,842	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $6,737,000 ($0.33 share) in 1986, $7,964,000 ($0.39 per share) in 1985, $1,478,000 ($0.09 per share) in 1984 and extraordinary loss of $1,072,000 ($0.05 per share) in 1987.
# Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Automotive & transportation	$ 297,227	$ 164,804
Instrumentation	143,042	24,936
Precision components	123,705	34,051
Plastic products	52,089	31,020
Other	891	7,676
Total	$ 616,954	262,487

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	103,295,000	$ 4.53
1986	65,244,000	3.20
1985	49,888,000	2.45
1984	36,353,000	1.78
1983	17,469,000	1.17

# Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 615,022	$ 254,836
Other income	1,932	7,651
Total income	$ 616,954	$ 262,487
Cost of sales	419,908	192,299
Expenses	110,581	39,117
Interest expense	43,060	19,928
Income before taxes	$ 43,405	$ 11,143
Income taxes	22,949	5,376
Inc.-cont. oper.	$ 20,456	$ 5,767
Inc. (loss)-discont. oper.	(415)	2,897
Net Income	$ 20,041	$ 8,664
Extraord. items	(1,072)	6,737
Net Income & extraord. items	$ 18,969	$ 15,401

* Included in Costs and Expenses, Depreciation and Amortization $13,465,000 in 1987 and $5,892,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 12,993	$ 45,884
Accts. receiv., net	87,132	70,263
* Inventories	107,178	90,883
Assets held for sale	70,555	61,974
Prepaid expenses	7,780	55,633
Current Assets	$ 285,638	$ 324,637
# Fixed assets	125,892	95,794
Assets held for sale	—	54,793
Other assets	24,141	26,575
Intangibles	219,594	197,226
Total Assets	$ 655,265	$ 699,025

Liabilities
(000's)

Short-term debt & long-term debt, curr.	$ 1,541	$ 90,672
Accts payable	45,588	37,515
Accruals	93,483	103,166
Curr. Liabilities	$ 140,612	$ 231,353
Other liab.	18,282	9,552
Long-term debt	393,076	392,876
+ Common stock	228	102
Add. paid-in capital	175,909	161,135
For. curr. trans. adjust.	4,137	(45)
Retained earnings (deficit)	(76,979)	(95,948)
Total Liabilities & Shareholders' Equity	$ 655,265	$ 699,025

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	19.40	13.28
Sales to Inventories	5.74	2.80
Debt to Equity	0.19	1.54
Working Capital	$ 145,026,000	$ 93,284,000
Current Ratio	2.03	1.40
Shareholders' Equity	$ 103,295,000	$ 65,244,000

Data-Design Laboratories

7925 Center Avenue
P.O. Box 711
Rancho Cucamonga, California 91730
(714) 987-2511

Officers: Lester Hill, president & chief executive officer; Milton L. Sneller, exec. v.p. & chief operating officer; Alan R. Steel, v.p.-finance, chief financial officer & treasurer; Stephen M. Andres, v.p.-administration; Alan R. Steel, v.p.-finance, treasurer & chief financial officer; Richard G. Littman, secretary.

Directors: Thomas C. Beiseker, chairman; John C. Hall, Rockell N. Hankin, Philip H. Alspach, Lester Hill, Arthur W. Schmutz.

Areas of Work: Engaged in two major areas--engineering services and engineered products. Engineering services involve electronics systems design and support, specialized systems fabrication, and technical training services. The majority of engineering services performed are elements of complex military weapon systems programs.

Engineered products include high-quality printed circuit boards for the electronics industry, emergency power products for office buildings, factories and public buildings; mechanical components and pressure gauges for original equipment manufacturers.

Divisions and Subsidiaries:

Aeroscientific Corporation
1244 S. Claudina
Anaheim, California 92805
(714) 991-9000
Manufactures printed circuit boards.

Aeroscientific Corporation
1270 N.W. 167th Avenue
Beaverton, Oregon 97006
Manufactures printed circuit boards.

Siltron Illumination, Inc.
7915 Center Avenue
Rancho Cucamonga, California 91730
Produces and designs architecturally compatible emergency lighting systems and emergency power equipment used for essential systems such as fire alarms, communications systems, and industrial pumps, blowers and motors.

Catel Telecommunications, Inc.
4050 Technology Place
Fremont, California 94537
Manufactures and markets communications equipment and analytical instruments. The signal processing equipment is used in CATV and other cable communications systems and is compatible with coaxial cable, microwave, satellite and fiber optics means of transmission.

Sierra Precision
7945 Center Avenue
Rancho Cucamonga, California 91730
Produces high pressure gauges and hoses, depth gauges and related products.

Irlandus Circuits Limited
Craigavon, Northern Ireland
Produces printed wiring boards.

A.J. Electronics, Inc.
20945 Plummer Street
Chatsworth, California 91311
Inserts electrical components into printed wiring boards.

DDL Omni Engineering Corp.
Defense contracting.

Transfer Agent(s):

Bank of America, N.T. & S.A.
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): New York, Pacific

Ticker Symbol: DDL

Number of Employees:

1988	1,300	1985	1,300
1987	N.A.	1984	1,300
1986	1,000		

Plant Footage:

1988	367,000 sq. ft.	1986	409,000
1987	N.A.	1985	409,000

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 107,955,000	$ 7,302,000
1987	74,707,000	7,165,000
1986	67,393,000	(372,000)
1985	99,836,000	5,712,000
1984	100,182,000	6,424,000

	No. of Com. Shares +	Earn. per Share ‡ #
1988	6,627,628	$ 1.10
1987	6,546,804	1.09
1986	6,563,754	—
1985	6,388,469	0.89
1984	6,312,313	1.01

(Loss)
‡ Including extraordinary gain of $940,000 ($0.14 per share) in 1988.
+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1988	1987
Engineering services	$ 12,122,000	$ 11,935,000
Electronics	71,257,000	43,865,000
Communications	13,922,000	9,669,000
Engineered products	10,539,000	8,883,000
Gen. Corporate	115,000	355,000
Total	$ 107,955,000	$ 74,707,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.24	—	—
1987	0.24	—	
1986	0.24	—	—
1985	0.21	—	—
1984	0.18	—	4-for-3

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 39,222,000	$ 5.923
1987	36,302,000	5.55
1986	33,375,000	5.08
1985	34,932,000	5.47
1984	29,298,000	4.64

† Adjusted to reflect stock split.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 107,955,000	$ 74,707,000
Cost of sales & services	79,523,000	58,994,000
Expenses	18,692,000	14,336,000
Dividend income	(2,969,000)	(2,997,000)
Interest expense	4,247,000	3,695,000
Gain on sale of market. secur.	—	(9,521,000)
Income before taxes	$ 8,462,000	$ 10,200,000
Income taxes	2,100,000	3,035,000
Net Income	$ 6,362,000	$ 7,165,000
Extraord. gain	940,000	—
Net Income & extraord. gain	$ 7,302,000	$ 7,165,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,226,000 in 1988 and $3,797,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 1,396,000	$ 1,630,000
Accts. receiv., net	19,897,000	16,130,000
*Inventories	16,179,000	14,070,000
Prepaid expenses	633,000	442,000
Current Assets	$ 38,105,000	$ 32,272,000
#Fixed assets	28,319,000	22,490,000
Other assets	32,799,000	38,395,000
Total Assets	$ 99,223,000	$ 93,157,000

Liabilities

	1988	1987
Notes payable	$ 7,950,000	$ 4,140,000
Long-term debt. curr.	708,000	647,000
Accts. payable	9,219,000	7,963,000
Accruals	5,988,000	5,203,000
Income taxes	638,000	1,122,000
Curr. Liabilities	$ 24,503,000	$ 19,075,000
Long-term debt	34,611,000	37,114,000
Deferred income taxes	579,000	490,000
Minority interest	308,000	176,000
+Common stock	2,209,000	2,182,000
Add. paid-in capital	5,868,000	5,354,000
Retained earnings	37,543,000	31,827,000
Unreal. loss on market. secur.	(6,171,000)	(2,943,000)
For. curr. trans. adj.	(227,000)	(118,000)
Total Liabilities & Shareholders' Equity	$ 99,223,000	$ 93,157,000

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.333 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	7.84	13.65
%Net Income to Sales	5.89	9.59
%Net Income to Equity	16.22	19.74
Debt to Equity	1.10	1.15
Working Capital	$ 13,602,000	$ 13,197,000
Current Ratio	1.56	1.69
Shareholders' Equity	$ 39,222,000	$ 36,302,000

Data General Corporation

4400 Computer Drive
Westboro, Massachusetts 01580
(508) 366-8911

Officers: Edson de Castro, president & chief exec. officer; Herbert J. Richman, exec. v.p.; Frank P. Silkman, sr. v.p.-manufacturing & field engineering; Ronald L. Skates, exec. v.p. & chief operating officer; Michael B. Evans, v.p. & chief financial officer; Donald V. Bateman, v.p.-human resources; William W. Bentley, v.p.-U.S. field engineering; James P. Campbell, v.p.-administration; Frederick P. Cochrane, v.p.-central technical services; Raymond Fortune, sr. v.p.-sales planning; Michael Schneider, v.p.-customer service; Anthony C. Nicoletti, v.p.-sales support & planning; J. David Lyons, v.p.-European operations; Frank M. Keaney, v.p.-North American sales; Wayne Fitzsimmons, v.p.-Americas/Far East; Lee Henning, v.p.-central manufacturing services; J. Thomas West, v.p.-Systems Development Division; Vahram V. Erdekian, v.p.-North American manufacturing operations; Ward D. MacKenzie, v.p.-corp. marketing; James J. Ryan, v.p.-Information Management Group; Colin Crook, sr. v.p.-Communications Systems Group; Hisashi Tomino, v.p. & president-Nippon-Data General; Vahe A. Sarkissian, v.p.-Telecommunications Division; Carl E. Kaplan, secretary; Jacob Frank, v.p.-legal; John D. Kavazanjian, v.p.-international manufacturing operations; Ellen Richstone, treasurer.

Directors: Edson D. de Castro, Herbert J. Richman, Frederick R. Adler, Ferdinand Colloredo-Mansfield, John H. McArthur.

Areas of Work: Designs, manufactures and markets a variety of large-scale general purpose computer systems, software packages, electro-mechanical peripheral equipment, electronic controllers and interfaces and related products.

Divisions:

Information Systems Division
Markets computer systems used by large organizations in commercial applications.

Industry Marketing Division
Markets products for end-users, original equipment manufacturers, and systems integrators in the industrial, scientific and technical markets.

Volume Products Division
Manufactures, develops and markets laptop and desktop computers, terminals, printers, and other high-volume computer products.

Distribution Division
Markets company's products to small and medium-sized businesses through third-party channels of distribution.

Systems Development Division
Designs and develops computer systems and sofware.

Product Marketing Division
Product management, planning and marketing.

Customer Service Division
Provides hardware, software and communication systems made to customers' specifications.

Field Engineering Division
Maintenance, repair, and parts exchange of company's products.

Federal Systems Division
Markets products, and provides a full range of systems-related services, to the U.S. Government.

Telecommunications Divison
Networking development and services.

Subsidiaries:

Data General Europe, Inc.
Tour Manhattan
5/6 Place de L'Iris
Paris-La Defense II 92095 France

Asia Data General Corporation
China Data General Corporation
DG Foreign Sales Corp., Inc.
Datagen, Inc.
Data General ApS
Data General Costa Rica, S.A.
Data General Latin America, Inc.
Data General New Zealand Limited
Data General OY
Data General Philippines, Inc.
Data General (Canada) Inc.
Data General Commercial Systems, Inc.
Data General International Sales Corporation
Data General Investment Corporation
Data General Limited (United Kingdom)
Data General GmbH (Germany)
Data General Gesellschaft mbH (Austria)
Data General France SARL
Data General Holland BV
Data General Australia Pty., Ltd.
Data General AB (Sweden)
Data General Israel, Ltd.
Data General Hong Kong, Ltd.
Data General A.G. (Switzerland)
Data General Ltda. (Brazil)
Data General S.A. (Belgium)
Data General C.A. (Venezuela)
Data General A/S (Norway)
Data General Thailand
Data General S.p.A. (Italy)
Data General Importing, Ltd. (New Zealand)
WSA Systems and Services, Inc.
Design Data, Inc.
Digicom, Inc.
Digital Computer Controls, Inc.
Nippon-Data General Corp. (85% owned)
Data General Singapore Pte., Ltd.
Data General Chile S.A.
Data General del Peru, S.A.
Data General Development Corp.
Data General Hong Kong Sales and Service, Ltd.
Data General de Mexico, S.A. de C.V.
Data General Ireland, Ltd.
Data General Puerto Rico, Inc.
Data General S.A. (Spain)
Data General International Manufacturing Pte., Ltd. Singapore
Data General Sociedade de Computadores Lda. (Portugal)
Genioss, Inc.
Long Island Communications Corp.
Dama Technologies Corp.

Transfer Agent(s):

Morgan Shareholders' Services Trust Company of New York
30 West Broadway
9th Floor
New York, New York 10015

Stock Exchange(s): New York, London, Boston*, Midwest*, Philadelphia*, Pacific*, Cincinnati* *Unlisted trading privileges

Ticker Symbol: DGN

Number of Employees:

1988	15,420	1985	16,535
1987	15,685	1984	17,695
1986	15,565		

Plant Footage:

1988	4,860,000 sq. ft.	1985	4,940,000
1987	4,860,000	1984	4,843,000
1986	5,226,000		

Sales & Earnings x

	Revenue	Net Income ‡
1988	$ 1,364,734,000	$ (15,537,000)
1987	1,274,348,000	(123,665,000)
1986	1,267,959,000	(28,980,000)
1985	1,238,959,000	24,305,000
1984*	1,160,815,000	83,256,000

	No. of Com. Shares #	Earn. per Share ‡ #
1988	28,015,000	$ —
1987	26,964,000	—
1986	27,057,000	—
1985	26,432,000	0.92
1984*	25,939,000	3.21

(Loss)
* 53 weeks.
x Restated to reflect adoption of SFAS No. 96, 'Accounting for Income Taxes.'
‡ Including extraordinary losses of $44,158,000 in 1987 and $34,720,000 in 1986.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1988	$ 611,921,000	$ 21.84
1987	588,243,000	21.82
1986	682,628,000	25.23
1985	657,856,000	24.89
1984	594,425,000	22.92

x Restated.
‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	9/24/88	9/26/87‡
Revenue	$ 1,364,734	$ 1,274,348
Cost of sales	686,118	683,867
Expenses	635,788	597,085
Restruc. charge	48,700	53,800
Other income	(9,455)	(17,491)
Gain on sale of Austin facil.	(5,889)	—
Interest expense	16,209	27,036
Loss bef. taxes	$ (6,737)	$ (69,949)
Income taxes (credit)	8,800	(10,400)
Writedown of invest. in affil.	—	19,958
Net Loss	$ (15,537)	$ (79,507)
Extraordinary loss	—	(44,158)
Net Loss & extraord. loss	$ (15,537)	$ (123,665)

‡ Restated.
* Included in Costs and Expenses, Depreciation: $98,384,000 in 1988 and $107,727,000 in 1987.

Assets
(000's)

As of	9/26/87‡	9/27/86
Cash & temp. cash invest.	$ 136,676	$ 271,537
Accts. receiv., net	274,925	260,498
*Inventories	189,538	237,585
Other curr. assets	54,388	40,470
Current Assets	$ 669,803	$ 641,609
Notes receiv.-rel. parties	15,125	13,158
#Fixed assets	398,944	367,422
Other assets	20,216	14,600
Total Assets	$ 1,077,713	$ 1,068,311

Liabilities
(000's)

Notes payable	$ 34,376	$ 38,740
Accts. payable	93,613	103,441
Accrued payroll	48,473	42,048
Deferred revenue	28,799	28,566
Accruals	165,322	156,375
Long-term debt. curr.	19,834	14,117
Curr. Liabilities	$ 390,417	$ 383,287
Long-term debt	65,945	79,990
Deferred service revenue	9,430	13,378
+Common stock	332,717	302,639
Notes receiv.-rel. parties	(3,124)	(6,323)
Retained earnings	267,625	283,162
Cum. trans. adjust.	14,703	12,178
Total Liabilities & Shareholders' Equity	$ 1,077,713	$ 1,068,311

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Debt to Equity	0.20	0.22
Working Capital	$ 279,386,000	$ 248,645,000
Current Ratio	1.72	1.64
Shareholders' Equity	$ 611,921,000	$ 591,656,000

Datapoint Corporation

9725 Datapoint Drive
San Antonio, Texas 78284
(512) 699-7000

Officers: Asher B. Edelman, chairman of the board; Robert J. Potter, president & chief exec. officer; Ronald M. Meyers, sr. v.p.-U.S. sales; John R. Novak, sr. v.p. & regional gen. mgr.; Stephen J. Baum, v.p.-financial planning & treasurer; George C. Beason, v.p.-customer sales; James S. Behan, v.p.-product marketing; Gordon P. Cardigan, v.p.-communications; F. Terry Eger, v.p.-special marketing programs; Brian Gifford, v.p. & regional general mgr.; Yvon Y. Le Roux, v.p. & regional general mgr.; John J. Peter, v.p. & chief financial officer; Ezra H. Sheffres, v.p.-manufacturing; Charles Temple, v.p.-human resources & administration; Larry D. Wichwar, v.p.-development; G. Ross Laughead, general counsel & corp. secretary.

Directors: Asher B. Edelman, chairman of the board; Doris D. Bencsik, Raymond French, Daniel R. Kail, Clark R. Mandigo, Charles P. Stevenson, Jr., Dwight D. Sutherland.

Areas of Work: Develops, manufactures and markets a range of office and computer products and systems, including local area networks, multifunction workstations, and diverse computing and office automation systems, for sale and lease worldwide. Datapoint's Attached Resource Computer (ARC) local area network provides the means for interconnection of multifunction workstations, processors and peripherals to form an integrated information processing system in an office environment.

Subsidiaries:

Datapoint-FSC, Inc.
9725 Datapoint Drive
San Antonio, Texas 78284

Datapoint Belgium S.A.
Brussels, Belgium

Datapoint Corporation Pty. Ltd.
Sydney, Australia

Datapoint do Brasil
Rio de Janeiro, Brazil

Datapoint Canada, Inc.
Toronto, Canada

Datapoint (U.K.) Ltd.
London, England

Datapoint Oy
Helsinki, Finland

Datapoint MATRA Informatique, S.A.
Paris, France

Datapoint Deutschland GmbH
Frankfurt, West Germany

Datapoint Nederland B.V.
Gouda, The Netherlands

Datapoint Corporation (N.Z.) Ltd.
Wellington, New Zealand

Datapoint Iberica S.A.
Madrid, Spain

Datapoint Italia, S.P.A.
Milan, Italy

Datapoint (Schweiz) AG
Zurich, Switzerland

Datapoint Svenska AB
Stockholm, Sweden

Transfer Agent(s):

First City National Bank of Houston
P.O. Box 809
Dallas, Texas 77001

Stock Exchange(s): New York

Ticker Symbol: DPT

Number of Employees:

1987	2,749	1984	8,431
1986	3,621	1983	8,914
1985	3,982		

Plant Footage:

1987 . . . . 648,000 sq. ft. 1986 747,000

Sales & Earnings

	Revenues	Net Income †
1987	$ 312,090,000	$ (57,770,000)
1986	325,227,000	(8,558,,000)
1985	520,168,000	(48,264,000)
1984	600,154,000	28,182,000
1983	540,192,000	8,077,000

	No. of Com. Shares ‡	Earn. per Share ‡ †
1987	$ 12,863,549	$ —
1986	17,977,621	—
1985	19,582,794	—
1984	20,517,822	1.37
1983	20,342,547	0.40

(Loss)
† Including extraordinary gains of $716,000 ($0.05 per share) in 1987, $6,847,000 ($0.38 per share) in 1986, $2,894,000 ($0.15 per share) in 1985 and $1,764,000 ($0.08 per share) in 1984.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 105,894,000 †	$ 8.23
1986	233,265,000	12.98
1985	276,225,000	14.11
1984	353,861,000	17.25
1983	329,963,000	16.22

† After allowing for preferred stock at liquidation value.
‡ Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended July 31	1987	1986
Net sales, rentals and services	$ 312,090	$ 325,227
Cost of revenue	210,249	175,573
Expenses	161,760	151,530
Financing expense (income)	(5,636)	5,525
Loss bef. taxes	$ (54,283)	$ (7,401)

Income taxes	4,203	8,004
Net Loss	$ (58,486)	$ (15,405)
Extraordinary gain	716	6,847
Net Loss & extraord. gain	$ (57,770)	$ (8,558)

* Included in Costs and Expenses, Depreciation and Amortization: $29,812,000 in 1987 and $36,870,000 in 1986.

Assets
(000's)

As of July 31	1987	1986
Cash & temp. cash invest.	$ 29,561	$ 47,723
Marketable securities	55,886	21,495
Accts. receiv., net	81,430	84,894
*Inventories	45,648	63,664
Prepaid expenses	5,203	5,315
Current Assets	$ 217,728	$ 223,091
#Fixed assets	45,307	60,863
#Equip. leased to cust.	4,721	6,471
Field support spares	8,312	10,729
Intangibles	93,412	88,068
Software for resale	14,251	9,192
Other assets	20,904	20,807
Total Assets	$ 404,635	$ 419,221

Liabilities
(000's)

Notes payable	$ 8,182	$ 6,968
Long-term debt, curr.	393	398
Accts. payable	20,210	22,202
Invest. margin acct.	22,867	—
Accruals	52,110	41,476
Income taxes payable	4,634	5,657
Deferred revenue	13,093	9,604
Curr. Liabilities	$ 121,489	$ 86,305
Long-term debt	100,107	98,186
Other liabilities	1,145	1,465
+ Preferred stock	2,000	—
++ Common Stock	5,234	5,184
Add. paid-in capital	257,253	192,913
For. currency trans. adjust.	4,347	(8,445)
Retained earnings	12,946	76,562
Treasury stock	(99,886)	(32,949)
Total Liabilities & Shareholders Equity	$ 404,635	$ 419,221

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $ 1 par value; $4.94 cumulative exchangeable.
++ $0.25 par value.

Statistical Summary

Sales to Inventories	6.84	5.11
Debt. to Equity	0.60	0.45
Working Capital	$ 96,239,000	$ 136,786,000
Current Ratio	1.79	2.58
Shareholders Equity	$ 181,894,000	$ 233,265,000

Dataproducts Corporation

6200 Canoga Avenue
P.O. Box 746
Woodland Hills, California 91365-0746
(818) 887-8000

Officers: Jack C. Davis, chairman of the board, president & chief executive; Robert L. Doretti, exec. v.p.-sales & marketing; Charles A. Junkunc, sr. v.p.-finance & chief financial officer; Robert W. Kilcullen, sr. v.p.-printer business; Frank J. McQuaid, sr. v.p.-corporate development; Paul D. Weiser, sr. v.p.-secretary & corp. counsel; John W. Leggat, III, sr. v.p.-solid ink programs; W. Allen Surber, sr. v.p.-research & engineering; Irvin W. Maloney, sr. v.p.-Supplies Business Group; Dale J. Bartos, v.p. & controller.

Directors: Jack C. Davis, chairman; Chester I. Lappen, Jack D. Steele, Vincent N. Marafino, Glenn E. Penisten, Erwin Tomash, Graham Tyson.

Areas of Work: Designs and manufactures peripherals for data processing systems, including laser band, matrix, solid ink and thermal transfer printers. In addition, the Corporation designs and manufactures equipment used in digital communications systems; airborne sensors and controllers; and tempestized printers -- all mainly for the U.S. government.

Divisions and Subsidiaries:

Woodland Hills Division
6219 DeSoto Avenue
Woodland Hills, California 91365
(213) 887-8000

Dataproducts-Customer Service Division
21300 Roscoe Boulevard
Canoga Park, California 91304

Dataproducts International, Ltd.
Dataproducts House
136-138 High Street, Egham
Surrey TW20 9HL England

Dataproducts (Dublin) Limited
Clonshaugh-Industrial Estate
Dublin 5, Ireland

Dataproducts Hong Kong, Limited
95, How-Ming Street
Kwun Tong
Kowloon, Hong Kong

Dataproducts New England, Inc.
Barnes Park North
Wallingford, Connecticut 06492
(203) 265-7151

Dataproducts Supplies Division
9657 Mason Avenue
Chatsworth, California 91311
(213) 882-0530

Dataproducts Canada, Inc.
15 W. Pearce Street
Richmond Hill, Ontario L4B 1H6 Canada

Dataproducts Australia
Unit 7
81 Frenchs Forest Road
Frenchs Forest N.F.W. 2086, Australia

Imaging Solutions, Inc.
Manufactures and markets printers using new advanced solid ink technology.

Acquisition:

Echodata Corporation
Atlanta, Georgia
Manufactures and distributes a wide range of printing supplies.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American, Pacific, Philadelphia

Ticker Symbol: DPC

Number of Employees:

1989	N.A.	1986	4,200
1988	3,550	1985	4,100
1987	N.A.		

Plant Footage:

1989	N.A.	1986	1,262,000
1988	975,000 sq. ft.	1985	1,500,000
1987	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Revenues +	Net Income
1989	$ 353,364,000	$ 3,782,000
1988	345,248,000	(20,203,000)
1987	338,758,000	8,965,000
1986	353,837,000	(26,767,000)
1985	471,828,000	27,693,000

	No. of Com. Shares #	Earn. per Share #
1989	19,809,000	$ 0.19
1988	20,606,000	—
1987	21,012,000	0.43
1986	20,806,000	—
1984	20,599,000	1.26

(Loss)
+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	$ 0.16	—	—
1988	0.16	—	
1987	0.16	—	—
1986	0.16	—	—
1985	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 187,327,000	$ 9.51
1988	186,427,000	9.47
1987	220,699,000	10.51
1986	213,980,000	10.25
1985	242,929,000	11.70

Income Account *
(000's)

Year ended	3/25/89	3/26/88
Net revenues	$ 353,364	$ 345,248
Cost of revenues	256,916	253,624
Expenses	93,908	104,962
Interest expense	2,379	6,773
Interest income	(5,638)	(8,468)
Income (loss) before taxes	$ 5,799	$ (11,643)
Income taxes	2,017	8,560
Net Income (Loss)	$ 3,782	$ (20,203)

* Included in Costs and Expenses, Depreciation and Amortization: $12,791,000 in 1989 and $13,269,000 in 1988.

Assets
(000's)

As of	3/25/89	3/26/88
Cash & securities	$ 36,830	$ 101,892
Accts. receiv., net	69,067	72,586
*Inventories	68,831	59,304
Other current assets	2,622	4,172
Current Assets	$ 177,350	$ 237,954
#Fixed assets	43,962	40,220
Intangibles	17,676	12,283
Other assets	18,123	19,111
Total Assets	$ 257,111	$ 309,568

Liabilities
(000's)

Notes payable	$ 8,584	$	38,027
Accts. payable	22,606		22,947
Accruals	15,376		14,556
Income taxes	2,090		3,481
Long-term debt, curr.	907		11,422
Dividends payable	1,576		1,575
Other curr. liabilities	9,295		20,550
Curr. Liabilities	$ 60,434	$	112,558
Long-term debt	3,202		2,993
Deferred inc. taxes	3,349		4,453
Other liabilities	2,799		3,137
+Common stock	1,971		1,968
Add. paid-in capital	93,577		93,312
Retained earnings	91,779		91,147
Total Liabilities & Shareholders' Equity	$ 257,111	$	309,568

* At lower of standard cost or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	1.64	—
%Net Income to Revenues	1.07	—
%Net Income to Equity	2.02	—
Sales to Inventories	5.96	5.82
Debt to Equity	0.07	0.28
Working Capital	$ 116,916,000	$ 127,987,000
Current Ratio	2.93	2.16
Shareholders' Equity	$ 187,327,000	$ 186,427,000

Dataram Corporation

P.O. Box 7528
Princeton, New Jersey 08543-7528
(609) 799-0071

Officers: Raymond P. Von Culin, chairman of the board; Robert V. Tarantino, president & chief exec. officer; Thomas J. Bitar, secretary; Frank Kardashian, v.p.-finance, treasurer & asst. secretary.

Directors: Raymond P. Von Culin, chairman; Richard Holzmen, John Cahill, Robert V. Tarantino.

Areas of Work: Designs, manufactures and markets memory products for the minicomputer industry.

Subsidiary:

Dataram International Sales Corporation

Transfer Agent(s):

First Fidelity Bank, N.A., New Jersey
Stock Transfer Dept.
P.O. Box 1309
Newark, New Jersey 07101

Stock Exchange(s): American

Ticker Symbol: DTM

Number of Employees:

1988	91	1985	112
1987	119	1984	214
1986	109		

Plant Footage:

1988	55,000 sq. ft.	1985	55,000
1987	55,000	1984	71,000
1986	55,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 13,482,000	$ 312,000
1987	15,253,000	974,000
1986	17,458,000	4,183,000
1985	18,398,000	(793,000)
1984	19,028,409	1,328,406

	No. of Com. Shares‡	Earn. per Share‡
1988	1,913,473	$ 0.16
1987	1,964,998	0.48
1986	1,967,348	2.07
1985	2,005,204	—
1984	2,230,293	0.59

(Loss)
‡ Based on the average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 13,588,000	$ 7.24
1987	13,852,000	7.05
1986	12,777,000	6.49
1985	8,392,341	4.19
1984	8,978,204	4.03

‡ Based on the average number of common shares outstanding.

Income Account *

Year ended April 30	1988	1987
Revenues	$ 13,482,000	$ 15,253,000
Cost of sales	7,161,000	7,933,000
Expenses	6,368,000	6,534,000
Interest income	(56,000)	(87,000)
Interest expense	13,000	36,000
Other income	(318,000)	(668,000)
Inc. bef. taxes	$ 314,000	$ 1,505,000
Income taxes	2,000	531,000
Net Income	$ 312,000	$ 974,000

* Included in Costs and Expenses, Depreciation and Amortization; $176,000 in 1988 and $216,000 in 1987.

Assets

As of April 30	1988	1987
Cash	$ 9,664,000	$ 8,967,000
Marketable securities	469,000	2,014,000
Accts. receiv., net	3,091,000	2,646,000
*Inventories	1,248,000	1,007,000
Due from employees	17,000	21,000
Other curr. assets	93,000	61,000
Current Assets	$ 14,582,000	$ 14,716,000
#Fixed assets	1,329,000	1,294,000
Other assets	10,000	12,000
Total Assets	$ 15,921,000	$ 16,022,000

Liabilities

Accts. payable	$ 540,000	$ 479,000
Accruals	829,000	765,000
Inc. taxes payable	158,000	112,000
Curr. Liabilities	$ 1,527,000	$ 1,356,000
Deferred income taxes	806,000	814,000
+Common stock	1,863,000	1,965,000
Add. paid-in capital	3,430,000	3,619,000
Retained earnings	8,464,000	8,507,000
Notes receivable	(169,000)	(239,000)
Total Liabilities & Shareholders' Equity	$ 15,921,000	$ 16,022,000

*At lower of cost (FIFO) or market.
#Less accumulated depreciation and amortization.
+$1 par value.

Statistical Summary

%Income bef. Taxes to Revenue	2.33	9.87
%Net Income to Revenues	2.31	6.39
%Net Income to Equity	2.30	7.03
Working Capital	$ 13,055,000	$ 13,360,000
Current Ratio	9.55	10.85
Shareholders' Equity	$ 13,588,000	$ 13,852,000

Datascope Corp.

580 Winters Avenue
P.O. Box 5
Paramus, New Jersey 07653
(201) 265-8800

Officers: Lawrence Saper, chairman & president; George Heller, sr. v.p. & secretary; Ernst Janzen, sr. v.p.-international; Bruce L. Hanson, exec. v.p.-operations; William H. Terrell, v.p.-corp. design; Andre Cohen, exec. v.p.-marketing; Murray Pitkowsky, v.p.-finance & treasurer.

Directors: David Altschiller, William L. Asmundson, Joseph Grayzel, George Heller, Alan J. Patricof, Lawrence Saper, Norman Schneider.

Areas of Work: Designs, manufactures and markets electronic medical instruments and related products for clinical health care applications. The product lines are divided into two areas: physiological monitors and cardiac assist systems.

Products include a microprocessor-based blood pressure monitor which measures and displays systolic, diastoiic, average blood pressure values and heart rate. In addition to the display, a built-in printer prints all the numerical results along with date and time.

Subsidiaries:

Bioplex Corp.
Paramus, New Jersey

Datascope B.V.
Hoevelaken, Holland

Datascope GmbH
Bremen, West Germany

Datascope Medical Co., Ltd.
Cambridge, United Kingdom

Datascope S.A.R.L.
Paris, France

Acquisition:

InterVascular, Inc.
Clearwater, Florida

Manufactures and sells a proprietary line of knitted and woven vascular grafts, which are implanted surgically to replace diseased arteries.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DSCP (NASDAQ)

Number of Employees:

1988	993	1985	730
1987	840	1984	690
1986	790		

Plant Footage:

1988	147,100 sq. ft.	1985	145,000
1987	147,100 sq. ft.	1984	138,000
1986	137,100		

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 105,200,000	$ 9,676,000
1987	87,600,000	5,450,000
1986	67,400,000	3,027,924
1985	50,550,000	1,688,266
1984	42,229,592	1,881,163

	No. of Com. Shares +	Earn. per Share † ‡
1988	5,204,000	$ 2.04
1987	4,784,000	1.26
1986	3,854,000	0.79
1985	3,695,000	0.46
1984	3,674,000	0.51

‡ Including extraordinary gains of $164,000 ($0.05 per share) in 1985 and $615,000 ($0.17 per share) in 1984.
+ Based on weighted average number of shares outstanding adjusted to reflect stock split.
† Based on weighted average number of shares outstanding assuming full dilution adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987	1986
Cardiac Assist	55 %	50 %	47 %
Patient Monitoring	44	41	43
Other	1	9	10
Total	100 %	100 %	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 52,371,000	$ 12.03
1987	42,042,000	9.94
1986	24,521,056	6.71
1985	21,209,416	5.89
1984	19,524,679	5.43

+ Adjusted to reflect stock split.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 105,200,000	$ 87,600,000
Cost of sales	40,763,000	36,875,000
Expenses	48,991,000	40,249,000
Interest expense	57 000	709,000
Other income	(217,000)	(325,000)
Income before taxes	$ 15,606,000	$ 10,092,000
Income taxes	5,930,000	4,642,000
Net Income	$ 9,676,000	$ 5,450,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,296,000 in 1988 and $2,835,000in 1987.

Assets

As of June 30	1988	1987‡
Cash	$ 1,258,000	$ 1,788,000
Short-term invest.	20,978,000	18,918,000
Accts. reciev, net	25,724,000	20,507,000
*Inventories	25,134,000	23,250,000
Prepaid expenses	2,800,000	2,189,000
Current Assets	$ 75,894,000	$ 66,652,000
#Fixed assets	14,413,000	12,924,000
Other assets	5,409,000	3,512,000
Total Assets	$ 95,716,000	$ 83,088,000

Liabilities

Short-term debt	$ 135,000	$ 166,000
Long-term debt, curr.	284,000	51,000
Accts. payable	7,962,000	5,826,000
Accruals	9,994,000	9,296,000
Income taxes	1,182,000	2,892,000
Curr. Liabilities	$ 19,557,000	$ 18,231,000
Other liabilities	2,999,000	2,086,000
Long-term debt	19,677,000	19,551,000
Deferred inc. taxes	1,112,000	1,178,000
+Common stock	43,000	42,000
Add. paid-in capital	16,778,000	15,567,000
Retained earnings	36,533,000	26,857,000
Cum. trans. adjust.	(983,000)	(424,000)
Total Liabilities & Shareholders' Equity	$ 95,716,000	$ 83,088,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.83	11.52
%Net Income to Sales	9.20	6.22
%Net Income to Equity	18.48	12.96
Sales to Inventories	4.19	3.77
Debt to Equity	0.38	0.47
Working Capital	$ 56,337,000	$ 48,421,000
Current Ratio	3.88	3.66
Shareholders' Equity	$ 52,371,000	$ 42,042,000

Datasouth Computer Corporation

4216 Stuart Andrew Boulevard
P.O. Box 240947
Charlotte, North Carolina 28217
(704) 523-8500

Officers: Paul E. Morath, chairman; James W. Busby, president; K. Nick Waller, exec. v.p.-operations; Gordon W. Friedrich, v.p.-finance, treasurer & secretary.

Directors: Paul E. Morath, chairman of the board; James W. Busby, Milford R. Derrick, William M. Hammock, W. Olin Nisbet, III, K. Nick Waller.

Areas of Work: Designs, manufactures, and distributes computer printers and related products, used primarily with multi-user micro, mini and mainframe computers for applications requiring text, graphics and barcode output.

Subsidiary:

Datasouth International Sales Corporation

Transfer Agent(s):

Wachovia Bank and Trust Company, N.A.
P.O. Box 3001
Winston-Salem, North Carolina 27102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DSCC (NASDAQ)

Number of Employees:

1988 .... 140 1987 148

Plant Footage:

1988 .... 60,000 sq. ft. 1987 60,000

Sales & Earnings

	Revenue	Net Income
1988	$ 15,821,000	$ (298,000)
1987	16,284,000	(503,000)
1986	19,212,000	858,000
1985	20,852,000	1,163,000
1984	18,395,000	1,817,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	5,691,000	$ —
1987	5,737,000	—
1986	5,802,000	0.15
1985	5,841,000	0.20
1984	5,841,000	0.31

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 16,508,000	$ 2.90
1987	16,806,000	2.93
1986	17,422.000	3.00
1985	16,826,000	2.88
1984	15,663,000	2.68

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Revenues	$ 15,820,846	$ 16,283,752
Cost of sales	10,820,669	11,415,659
Expenses	6,351,420	6,470,022
Interest income	(660,619)	(453,533)
Other expense (income)	142,669	(4,840)
Loss before taxes	$ (833,293)	$ (1,143,556)
Tax credit	(534,848)	(641,002)
Net Loss	$ (298,445)	$ (502,554)

* Included in Costs and Expenses, Depreciation and Amortization: $834,022 in 1988 and $979,069 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 10,577,152	$ 8,563,940
Accts. receiv., net	2,060,902	1,975,530
Refund inc. taxes	537,593	614,404
*Inventories	2,685,184	3,807,034
Prepaid expenses	135,061	215,832
Current Assets	$ 15,995,892	$ 15,176,740
#Fixed assets	1,429,786	2,252,077
Other assets	448,514	357,613
Total Assets	$ 17,874,192	$ 17,786,430

Liabilities

Cap. lease oblig. curr.	$ 5,972	$ 5,469
Accts. payable	923,985	533,590
Emp. taxes withheld	15,827	16,631
Accrued payroll	203,065	190,280
Accrued profit-sharing	10,000	10,267
Other accruals	195,022	205,455
Curr. Liabilities	$ 1,353,871	$ 961,692
Cap. lease oblig.	12,786	18,758
+Common stock	58,410	58,410
Add. paid-in capital	8,145,570	8,145,570
Retained earnings	8,679,013	8,977,458
Treasury stock	(375,458)	(375,458)
Total Liabilites & Shareholders' Equity	$ 17,874,192	$ 17,786,430

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Working Capital	$ 14,642,021	$ 14,215,048
Current Ratio	11.81	15.78
Shareholders' Equity	$ 16,507,535	$ 16,805,980

Datum Inc.

1363 South State College Boulevard
Anaheim, California 92806-5790
(714) 533-6333

Officers: Louis B. Horwitz, chairman of the board & president; William E. Baldwin, v.p. & president-Timing Division; Robert F. Ellis, v.p. & president-Austron, Inc.; Harry E. Gruen, v.p. & pres.-Spectrum Technology, Inc.; Walter A. Zarris, v.p. & pres.-Frequency and Time Systems, Inc.; Benjamin F. Tarver, v.p.-finance, treasurer & secretary; Martha Gibbs, asst. secretary.

Directors: Louis B. Horwitz, chairman; Edward A. Money, G. Tilton Gardner, Dan L. McGurk, Thomas J. O'Rourke.

Areas of Work: Engaged in the design, development and manufacture of precision frequency and timing instrumentation products.

Subsidiaries:

Frequency and Time Systems, Inc.
34 Tozer Road
Beverly, Massachusetts 01915
(508) 927-8220

Spectrum Technology, Inc.
300 Frederick Lopez Road
Goleta, California 93116
(805) 964-7791
Produces a line of quartz crystal oscillators.

Bancomm Corporation
San Jose, California
Produces a line of timing instrumentation products.

Acquisition:

Austron, Inc.
P.O. Box 14766
North Interstate 35, Exit 248
Austin, Texas 78761
(512) 251-2341
Manufactures precise time and frequency instruments required by industrial, scientific and military customers for use in communications, space and missile tracking navigation and metrology applications. Also manufactures coding instruments and systems, crystal oscillators, computer channel adapter interface equipment, and other electronic devices.

Transfer Agent(s):

Manufacturers Hanover Trust Company of California
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DATM (NASDAQ)

Number of Employees:

1988 460   1986 386
1987 362

Plant Footage:

1988 .... 373,040 sq. ft.   1986 125,700
1987 140,140

Sales & Earnings

	Net Sales	Net Income +
1988	$ 31,901,000	$ 1,079,000
1987	27,821,000	1,002,000
1986	24,154,000	1,015,000
1985	19,137,000	976,000
1984	19,456,000	1,546,000

	No. of Com. Shares	Earn. per Share +‡
1988	2,728,890	$ 0.40
1987	2,728,890	0.37
1986	2,728,890	0.36
1985	2,798,863	0.33
1984	2,937,163	0.53

+ Including extraordinary gain of $187,000 ($0.07 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 17,235,000	$ 6.32
1987	16,018,000	5.87
1986	14,803,000	5.42
1985	14,190,000	5.07
1984	13,858,000	4.72

Income Account*

Year ended Dec. 31	1988	1987
Net sales	$ 31,901,000	$ 27,821,000
Cost of sales	19,270,000	17,005,000
Expenses	10,637,000	8,891,000
Loss on short-term invest.	60,000	268,000
Interest expense	526,000	192,000
Interest income	(139,000)	(228,000)
Income before taxes	$ 1,547,000	$ 1,693,000
Income taxes	571,000	691,000
Cum effect of acct. change	(103,000)	—
Net Income	$ 1,079,000	$ 1,002,000

* Included in Cost and Expenses, Depreciation and Amortization: $1,048,000 in 1988 and $884,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 1,039,000	$ 2,981,000
Accts. receiv, net	9,393,000	7,685,000
*Inventories	7,537,000	4,698,000
Prepaid expenses	148,000	87,000
Income taxes receiv.	152,000	240,000
Current Assets	$ 18,269,000	$ 15,691,000
#Fixed assets	8,905,000	4,355,000
Accts. receiv.	711,000	1,229,000
Exc. of purch. price over assets acq.	3,859,000	1,228,000
Other assets	374,000	398,000
Total Assets	$ 32,118,000	$ 22,901,000

Liabilities

Long-term debt, curr.	$ 1,038,000	$ 260,000
Accts. payable	1,553,000	1,513,000
Accruals	2,016,000	1,210,000
Income taxes payable	153,000	128,000
Deferred inc. taxes	1,573,000	—
Curr. Liabilities	$ 6,333,000	$ 3,111,000
Long-term debt	7,658,000	1,897,000
Deferred income taxes	892,000	1,875,000
+Common stock	681,000	682,000
Add. paid-in capital	10,453,000	10,314,000
Retained earn.	6,101,000	5,022,000
Total Liabilities & Shareholders' Equity	$ 32,118,000	$ 22,901,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.85	6.09
%Net Income to Sales	3.38	3.60
%Net Income to Equity	6.26	6.26
Sales to Inventories	4.23	5.92
Debt to Equity	0.50	0.13
Working Capital	$ 11,936,000	$ 12,580,000
Current Ratio	2.88	5.04
Shareholders' Equity	$ 17,235,000	$ 16,018,000

DBA Systems, Inc.

P.O. Drawer 550
1200 South Woody Burke Road
Melbourne, Florida 32902-0550
(305) 725-3711

Officers: Howard N. Hebert, chairman of the board, president & chief exec. officer; John L. Schaumann, v.p. & dir.-strategic planning; Jon D. Guess, v.p.-finance & controller; Edward I. Williams, sr. v.p.; Gary J. Cooey, sr. v.p.-administration; Gerald A. Nathe, sr. v.p.; John N. Elder, v.p. & treasurer & asst. secretary; Eugene S. Cavallucci, v.p., gen. counsel & secretary; Joan Glenn-Katzakis, asst. controller; Rosemary Boskind, asst. secretary.

Directors: Howard N. Hebert, chairman; George L. MacKay, Harry Huge, William C. Potter, Brent Scowcroft, John C. Colman, Gordon O.F. Johnson, Franklin S. Atwater, Martin L. Blatt, Gerald A. Nathe, Harold M. Agnew.

Areas of Work: Engaged in the development and production of trackers used in airborne and ground based weapons, and for satellites and gun fire-control systems; message switching systems as well as complete message preparation and distribution terminals. Produces instrumentation and systems for photogrammetric structural measurement and aerial photography, primarily for government use. Also manufactures computerized digital image processing systems used in biomedical research and medical diagnostic applications.

Divisions and Subsidiaries:

DBA Systems Inc.-Washington D.C. Division
11781 Lee Jackson Memorial Hwy.
Fairfax, Virginia 22033
(703) 591-0800

DBA Systems, Inc.-Melbourne
1135 West NASA Boulevard
P.O. Drawer 550
Melbourne, Florida 32902-0550
(305) 727-0660

DBA Systems, Inc.-Kissimmee
2931 Poinciana Boulevard
Kissimmee, Florida 32758
(305) 933-5100
Manufactures night vision scopes, printed circuit boards, gyroscopes, and navigation products for the military.

DBA Systems, Inc.-Huntsville
4835 University Square, Suite 2
Huntsville, Alabama 35816
(205) 830-1155

MTL Systems, Inc.
3481 Dayton-Xenia Road
Dayton, Ohio 45431
(513) 426-3111
Produces digital image processing equipment, photographic laboratory automation and evaluation.

LogEtronics, Inc.
7001 Loisdale Road
Springfield, Virginia 22150
(703) 971-1400

LogEtronics AG
Rappenholde 8
CH 8307 Effretikon, Switzerland
4118106610

LogEtronics GmbH
Dieselstrasse 10
6242 Kronberg 2, West Germany
4961736005

DBA Systems, Inc.

Luth International A/S (50% owned)
Merkurvej 2
4200 Slagelse, Denmark
03529100

Acquisitions:

Environmental Energy Research Group (EERG, Inc.)
225 East Drive
Suite F
Melbourne, Florida 32904
(305) 768-1103
Engages in electro-optical sensor development.

Digital Cartographic Systems, Inc.
Supplies visual and radar data bases, together with support software, to defense contractors.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DBAS (NASDAQ)

Number of Employees:

1987	991	1984	800
1986	805	1983	425
1985	800		

Plant Footage:

1987 .... 265,950 sq. ft. 1986 240,750

Sales & Earnings

	Revenues	Net Income
1987	$ 82,081,676	$ 3,490,862
1986	74,353,814	4,156,658
1985	66,011,603	3,481,856
1984	38,086,675	2,445,330
1983	28,374,574	1,841,677

	No. of Com. Shares ‡	Earn. per Share ‡
1987	3,068,862	$ 1.14
1986	3,748,570	1.11
1985	3,718,270	0.94
1984	3,058,731	0.80
1983	2,637,731	0.70

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	—	—
1984	—	—	—
1983	—	—	4-for-3 & 3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 24,694,235	$ 8.05
1986	31,658,458	8.45
1985	26,227,730	7.05
1984	22,587,964	7.38
1983	13,405,232	5.08

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account*

Year ended June 30	1987	1986
Revenues	$ 82,081,676	$ 74,353,814
Cost of sales	66,528,579	58,979,517
Expenses	9,670,118	8,720,798
Interest expense	3,344,989	2,396,591
Other income	(1,666,649)	(1,669,499)
Eq. in earn. of afil.	(1,386,223)	(803,251)
Income before taxes	$ 5,590,862	$ 6,729,568
Income taxes	2,100,000	2,573,000
Net Income	$ 3,490,862	$ 4,156,658

* Included in Costs and Expenses, Depreciation: $1,882,829 in 1987 and $1,533,060 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 3,172,539	$ 4,660,339
Market. secur.	—	23,021,710
Accts. receiv., net	17,163,959	16,881,200
Earnings in excess of billings	16,004,645	6,647,642
Refundable income taxes	499,312	—
*Inventories	12,475,367	9,771,596
Other curr. assets	547,660	799,898
Current Assets	$ 49,863,482	$ 61,782,385
#Fixed assets	19,272,516	9,948,596
Other assets	14,993,867	10,576,393
Total Assets	$ 84,129,865	$ 82,307,374

Liabilities

Note payable	$ 1,000,000	—
Long-term debt, curr.	477,613	350,619
Accts. payable	5,556,153	3,301,047
Accruals	2,015,253	2,305,744
Billing in exc. of costs	166,392	176,704
Contract losses	2,632,443	—
Income taxes payable	587,854	368,423
Other curr. liab.	217,002	[illegible]
Curr. Liabilities	$ 15,090,732	$ 8,507,674
Deferred taxes	4,482,849	3,058,994
Long-term debt	39,862,049	39,082,248
+Common stock	310,350	396,916
Add. paid-in capital	5,502,862	15,998,867
Retained earnings	18,234,274	14,743,412
Currency trans. adj.	1,746,337	647,649
Treasury stock	(1,099,588)	(128,386)
Total Liabilities & Shareholders' Equity	$ 84,129,865	$ 82,307,374

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	6.81	9.05
%Net Income to Revenues	4.25	5.59
%Net Income to Equity	14.14	13.13
Sales to Inventories	6.58	7.61
Debt to Equity	1.67	1.25
Working Capital	$ 34,772,750	$ 53,274,711
Current Ratio	3.30	7.26
Shareholders' Equity	$ 24,694,235	$ 31,658,458

Decom Systems, Inc.

1945 Palomar Oaks Way
Carlsbad, California 92009
(619) 431-1945

Officers: John A. Robinson, Jr., chairman, president & chief exec. officer; Richard K. Carrine, v.p.-manufacturing & secretary; George F. Tremain, v.p.-marketing and corp. development; Steven E. Borgardt, treasurer & chief financial officer.

Directors: John A. Robinson, chairman; Richard K. Carrine, Kenneth D. Holland, George F. Tremain.

Areas of Work: Designs, manufactures, and markets a wide range of electronic communications equipment used in aerospace telecommunications. The Company's principal aerospace telemetry products are PSK (Phase Shift Key) and PCM (Pulse Code Modulation) telemetry ground support systems and related test equipment.

Subsidiaries:

Coded LMR Holding, Inc.
Carlsbad, California

Coded Communications Network Systems, Inc.
Carlsbad, California

DSI Management Company
Carlsbad, California

Decom Systems GmbH
Munich, West Germany

Transfer Agent(s):

California First Bank
Trust Department
8155 Mercury Court
P.O. Box 2529
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DSII (NASDAQ)

Number of Employees:

1988	68	1986	118
1987	80		

Plant Footage:

1988 .... 39,500 sq. ft. 1986 46,000
1987 36,000

Sales & Earnings

	Revenues	Net Income
1988	$ 6,589,000	$ (2,247,000)
1987	9,831,000	850,000
1986	13,189,000	1,135,000
1985	11,034,000	(3,905,000)
1984	9,720,000	560,000

	No. of Com. Shares ‡	Earn. per Share ‡ +
1988	2,713,000	$ —
1987	2,735,000	0.31
1986	2,715,000	0.42
1985	2,656,000	—
1984	2,774,000	0.24

(Loss)
+ Including extraordinary gains of $232,000 ($0.08 per share) in 1987 and $215,000 ($0.08 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Aerospace telecommunications	$ 6,479,000	$ 8,630,000
Land mobile radio communications	110,000	1,201,000
Total	$ 6,589,000	$ 9,831,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 728,000	$ 0.27
1987	2,975,000	1.09
1986	2,012,000	0.74
1985	847,000	0.32
1984	4,749,000	1.71

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 6,589,000	$ 9,831,000
Cost of sales	4,037,000	4,871,000
Expenses	4,637,000	3,718,000
Interest expense	249,000	288,000
Interest income	(112,000)	(94,000)
Inc. (loss) bef. taxes	$ (2,222,000)	$ 1,048,000
Income taxes	25,000	430,000
Net Income (Loss)	$ (2,247,000)	$ 618,000
Extraord. gain	—	232,000
Net Income (Loss) & extraord. gain	$ (2,247,000)	$ 850,000

* Included in Costs and Expenses, Depreciation and Amortization: $331,000 in 1988 and $391,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash & cash. equiv.	$ 703,000	$ 2,696,000
Accts. receiv., net	995,000	1,199,000
Unbilled costs	625,000	—
*Inventories	1,142,000	1,200,000
Other curr. assets	134,000	98,000
Current Assets	$ 3,599,000	$ 5,193,000
#Fixed assets	774,000	777,000
Other assets	184,000	196,000
Total Assets	$ 4,557,000	$ 6,166,000

Liabilities

	1988	1987
Long-term debt. curr.	$ 650,000	$ 243,000
Accts. payable	291,000	169,000
Accrued payroll	259,000	290,000
Accrued commissions	291,000	150,000
Loss prov. for uncomp. contract	300,000	—
Other accruals	675,000	453,000
Income taxes	71,000	86,000
Curr. Liabilities	$ 2,537,000	$ 1,391,000
Long-term debt	207,000	367,000
Convert. subord. debentures	1,052,000	1,400,000
Deferred inc. taxes	33,000	33,000
+Common stock	2,873,000	2,873,000
Retained earnings (deficit)	(2,145,000)	102,000
Total Liabilities & Shareholders' Equity	$ 4,557,000	$ 6,166,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	—	10.66
%Net Income to Sales	—	6.29
%Net Income to Equity	—	20.77
Sales to Inventories	5.77	8.19
Debt to Equity	1.18	0.21
Working Capital	$ 1,062,000	$ 3,802,000
Current Ratio	1.42	3.73
Shareholders' Equity	$ 728,000	$ 2,975,000

Del Electronics Corp.

250 E. Sandford Boulevard
Mount Vernon, New York 10550
(914) 699-2000

Officers: Leonard A. Trugman, chairman, chief executive officer & president; Bela Hohner, sr. v.p.-research & development and engineering; William Kaufman, v.p.-planning & control and secretary; Louis Farin, v.p.-manufacturing; Joseph P. Stefanowicz, v.p-marketing; Stanley Zweig, v.p.-Stanley Electronics Division.

Directors: Leonard A. Trugman, chairman; Raymond Kaufman, Hugo J. DiGiovanni, Natan Bertman, Jerome H. Fuchs, David Michael, James Tiernan.

Areas of Work: Manufacturer of high voltage power supplies, transformers and capacitors for military, commercial and industrial purposes.

Acquisition:

Stanley Electronics, Inc.
Manufactures high voltage mica capacitors.

Transfer Agent(s):

Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, New York 10081

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DELE (NASDAQ)

Number of Employees:

1988	N.A.	1986	85
1987	107		

Plant Footage:

1988	N.A.	1986	61,000
1987	61,000 sq. ft.		

N.A. - Not Available

Sales & Earnings

	Net Sales	Net Income
1988	$ 8,392,599	$ 469,542
1987	6,492,344	240,324
1986	5,324,921	46,341
1985	6,481,374	(47,887)
1984	6,121,436	(36,207)

	No of Com. Shares	Earn. per Share #
1988	1,180,817	$ 0.31
1987	938,675	0.19
1986	877,438	0.04
1985	807,158	—
1984	807,158	—

(Loss)
# Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	5%	—
1987	—	5%	
1986	—	5%	—
1985	—	—	—
1984	—	25%	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 2,673,652	$ 2.26
1987	1,783,407	1.90
1986	1,492,195	1.70
1985	1,363,177	1.69
1984	1,411,064	1.75

Income Account*

Year ended	7/30/88	8/1/87
Net sales	$ 8,392,599	$ 6,492,344
Cost of sales	5,876,453	4,557,569
Expenses:		
Res. & develop.	417,000	338,836
Sell., gen., & adm.	1,344,378	1,183,895
Interest expense	81,300	65,000
Income bef. taxes	$ 673,468	$ 347,044
Income taxes	203,926	106,720
Net Income	$ 469,542	$ 240,324

* Included in Costs and Expenses, Depreciation: $41,446 in 1988 and $33,611 in 1987.

Assets

As of	7/30/88	8/1/87
Cash	$ 130,080	$ 139,486
Accts. receiv, net	1,475,058	1,404,368
*Inventories	3,025,644	2,209,450
Prepaid expenses	112,944	46,835
Current Assets	$ 4,743,726	$ 3,800,139
#Fixed assets	242,907	141,166
Other assets	166,035	55,230
Total Assets	$ 5,152,668	$ 3,996,535

Liabilities

	7/30/88	8/1/87
Notes payable	$ 464,419	$ 604,409
Long-term debt, curr.	124,000	44,444
Accts. payable	820,867	666,356
Accruals:		
Payroll	104,934	131,240
Commissions	201,834	181,369
Other	337,422	330,143
Income taxes	111,770	99,611
Curr. Liabilities	$ 2,165,246	$ 2,057,572
Long-term debt	313,770	155,556
+Common stock	118,082	93,868
Add. paid-in capital	1,938,580	1,317,574
Retained earnings	616,990	371,965
Total Liabilities Shareholders' Equity	$ 5,152,668	$ 3,996,535

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

	7/30/88	8/1/87
%Income bef. Taxes to Sales	8.02	5.35
%Net Income to Sales	5.59	3.70
%Net Income to Equity	17.56	19.08
Sales to Inventories	2.77	2.94
Debt to Equity	0.34	0.45
Working Capital	$ 2,578,480	$ 1,742,567
Current Ratio	2.19	1.85
Shareholders' Equity	$ 2,673,652	$ 1,783,407

Designatronics Incorporated

2101 Jericho Turnpike
New Hyde Park, New York 11040
(516) 328-3300

Designatronics Incorporated

Officers: Sol Schwartz, president; Joseph Rubenfeld, exec. v.p. & treasurer; Martin Hoffman, sr. v.p. & chief financial officer; Frank Buchsbaum, sr. v.p.; Hitoshi Tanaka, v.p.; Shirley Brown, secretary.

Directors: Frank Buchsbaum, Martin Hoffman, Joseph Rubenfeld, Sol Schwartz, Reuben M. Siwek.

Areas of Work: Through its divisions and subsidiaries, the Company designs, manufactures, or supplies a wide array of over 50,000 mechanical, electromechanical, and electronic components and sub-assemblies.

Divisions:

Sterling Instrument Division
New Hyde Park, New York 11040
Manufactures precision mechanical components, including precision gears, differentials, brakes, clutches, couplings bearings and shafts.

Stock Drive Products Division
New Hyde Park, New York 11040
Manufactures and markets standard and designed-to-order small commercial quality drive components.

Stock Model Parts Division
55 South Denton Avenue
New Hyde Park, New York 11040
Electro-mechanical training for schools as well as models for hobbyists.

Techno Division
14 Crandall Ave.
Pompton Lakes, New Jersey 07442
Research and development of micro-computer controlled automation and robotics.

Perfect Gear and Instrument Division
New Hyde Park, New York

Western Component Sales
9719 Mason Avenue
Chatsworth, California 91311

Subsidiaries:

Accusonic Systems Corporation
Manufactures speakers, headsets and microphones designed for use in severe environments, such as military, marine and aviation applications.

United Products Company
1080 Garden State Road
Union, New Jersey 07083
Engaged in the manufacture of injection molded products for the electronic mechanical drive, medical packaging, and display industries.

Designatronics Foreign Sales Corp. (FSC)
New Hyde Park, New York 11040
Engaged in export activities for incorporated divisions as well as the products produced by other U.S. manufacturers.

Automatic Coil Corp.
3545 N.W. 71st Street
Miami, Florida 33147
Manufacturer of custom designed inductive components.

Automatic Accusonic Haiti Corp., S.A.
Port-au-Prince, Haiti
Products manufactured include a complete line of IF-RF coils, toroids, baluns, bobbins and related windings in addition to specially engineered inductors, transformers, filters, discriminators, a wide range of electronic assemblies, and printed circuit board assemblies.

Automatic Accusonic Costa Rica Corp., S.A.
San Jose, Costa Rica

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American, Pacific

Ticker Symbol: DSG

Number of Employees:

1988	841	1986	714
1987	594		

Plant Footage:

1988	189,300 sq. ft.	1986	178,700
1987	178,700		

Sales & Earnings

	Net Sales	Net Income
1988	$ 25,113,762	$ 727,314
1987	21,792,330	82,557
1986	19,320,258	(523,384)
1985	19,667,577	485,376
1984	18,691,227	1,113,656

	No. of Com. Shares †	Earn. per Share #
1988	2,781,369	$ 0.25
1987	2,710,448	0.03
1986	2,721,182	—
1985	2,740,434	0.17
1984	2,675,078	0.40

(Loss)
† Adjusted to reflect stock dividends.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1988	1987
Electronic	$ 7,066,000	$ 5,995,000
Electromechanical & mechanical	18,048,000	15,797,000
Total	$ 25,114,000	$ 21,792,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	5%	—
1987	—	5%	
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 10,098,537	$ 3.63
1987	9,569,978	3.53
1986	9,507,604	3.49
1985	10,096,855	3.68
1984	9,486,216	3.55

‡ Adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Aug. 31	1988	1987
Net sales	$ 25,113,762	$ 21,792,330
Cost of sales	17,017,323	14,938,068
Expenses	6,791,061	6,600,419
Interest expense	190,116	239,754
Interest income	(46,081)	(88,417)
Other income	(167,971)	(146,051)
Income bef. taxes	$ 1,329,314	$ 248,557
Income taxes	602,000	166,000
Net Income	$ 727,314	$ 82,557

* Included in Costs and Expenses. Depreciation and Amortization: $718,568 in 1988 and $787,038 in 1987.

Assets

As of Aug. 31	1988	1987
Cash	$ 651,813	$ 504,860
Accts. receiv. net	4,132,124	3,731,776
* Inventories	7,338,740	6,528,627
Prepaid expenses	163,434	158,833
Invest. in annuity contracts	—	308,977
Current Assets	$ 12,286,111	$ 11,233,073
# Fixed assets	2,489,524	2,425,986
Other assets	306,337	315,714
Total Assets	$ 15,081,972	$ 13,974,773

Liabilities

	1988	1987
Long-term debt. curr.	$ 14,042	$ 16,792
Accts. payable	1,528,026	845,218
Accrued payroll	408,132	295,314
Deferred comp.	—	162,400
Other accruals	437,791	616,685
Deferred revenue	—	117,779
Income taxes pay.	483,280	9,053
Curr. Liabilities	$ 2,871,271	$ 2,063,241
Long-term debt	1,834,386	2,018,781
Deferred inc. taxes	234,915	253,915
Other liab.	42,863	68,858
+ Common stock	118,436	113,035
Add. paid-in capital	9,115,125	8,647,949
Retained earnings	1,245,278	992,503
For. curr. trans.	(2,083)	19,789
Treasury stock	(378,219)	(203,298)
Total Liabilities & Shareholder's Equity	$ 15,081,972	$ 13,974,773

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.04 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	5.29	1.14
%Net Income to Sales	2.90	0.38
%Net Income to Equity	7.20	0.86
Sales to Inventories	3.42	3.34
Debt to Equity	0.18	0.21
Working Capital	$ 9,414,840	$ 9,169,832
Current Ratio	4.28	5.44
Shareholders' Equity	$ 10,098,537	$ 9,569,978

DEST Corporation

P.O. Box 3368
Danville, California 94526-9568
(408) 436-2700

Officers: Christoper G. Kenber, president & chief executive officer; Stanley B. Fry, v.p.-research & development and chief technical officer; Robert J. Riepel, v.p.-finance; Richard D. Matthews, v.p.-marketing; James C. Kitch, secretary.

Directors: Christoper G. Kenber, Joseph A. Graziano, F. Gibson Meyers, Jr., Edward F. Tuck, Phillip E. White.

Areas of Work: Designs, manufactures and markets electronic document readers that scan typed or printed documents, convert their content to digital form, perform character recognition and communicate this information to the computer system, thereby eliminating the need to enter the information manually.

Acquisition:

Gulfstream Micro Systems, Inc.
Florida
Designs, manufactures and markets a personal computer facsimile product that enables IBM PCs and compatibles to communicate with digital facsimile machines.

Transfer Agent(s):

First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEST (NASDAQ)

Number of Employees:

1987	198	1985	206
1986	N.A.		

Plant Footage:

1987	51,450 sq. ft	1985	50,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings x

	Revenues	Net Income †
1988	$ 29,621,000	$ (9,396,000)
1987	22,937,000	(2,227,000)
1986	25,186,000	297,000
1985	25,471,000	2,831,000
1984	11,549,000	1,663,000

	No. of Com. Shares ‡	Earn. per Share ‡ †
1988	7,645,000	$ —
1987	7,591,000	—
1986	7,276,000	0.04
1985	5,956,000	0.48
1984	5,762,000	0.29

(Loss)
x Restated to include operations of Gulfstream Micro Systems, Inc., acquired on a pooling of interests basis.
† Including extraordinary gains of $510,000 ($0.07 per share) in 1986, $1,203,000 ($.021 per share) in 1985 and $742,000 ($0.13 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1988	$ 7,894,000	$ 1.03
1987	16,396,000 †	2.16
1986	18,495,000	2.54
1985	9,621,000	1.62
1984	6,401,000	1.11

x Restated
† After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common share and common share equivalents outstanding.

Income Account*
(000's)

Year ended Mar. 31	1988	1987
Revenue	$ 29,621	$ 22,937
Cost of revenues	18,965	12,646
Expenses	16,832	12,875
Restruc. expense	3,428	—
Interest income	(1,015)	(1,471)
Interest expense	810	915
Other expense (income)	(3)	199
Net Income (Loss) & extraord. gain	$ $ (9,396)	$ (2,227)

* Included in Costs and Expenses, Depreciation and Amortization: $1,340,000 in 1988 and $1,284,000 in 1987.
‡ Restated.

Assets
(000's)

	1988	1987 ‡
Cash & cash invest.	$ 2,542	$ 10,510
Accts. receiv., net	6,872	4,758
*Inventories	7,684	4,446
Prepaid expenses	227	340
Current Assets	$ 17,325	$ 20,054
#Fixed assets	3,863	4,520
Long-term note receiv.	3,512	3,489
Computer software cost	876	187
Deferred license costs	124	192
Other assets	157	26
Total Assets	$ 25,857	$ 28,468

Liabilities
(000's)

Long-term debt	$ 4,850	$ 1,200
Long-term debt, curr.	784	639
Other long-term liab.	130	110
Accts. payable	5,519	2,963
Accrued payroll	776	565
Other accruals	1,294	902
Curr. Liabilities	$ 13,353	$ 6,379
Long-term debt	4,220	5,174
Other liabilities	390	148
+GMS preferred stock	—	371
+Common stock	23,129	22,895
Notes receiv. from stock sale	—	(660)
Accum. deficit	(15,235)	(5,839)
Total Liabilities & Shareholders' Equity	$ 25,857	$ 28,468

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	3.85	5.16
Debt to Equity	1.25	0.42
Working Capital	$ 3,972,000	$ 13,675,000
Current Ratio	1.30	3.14
Shareholders' Equity	$ 7,894,000	$ 16,767,000

Detection Systems, Inc.

130 Perinton Parkway
Fairport, New York 14450
(716) 223-4060

Officers: Karl H. Kostusiak, president; David B. Lederer, exec. v.p.; Frank J. Ryan, v.p., secretary & treasurer; James R. Berube, v.p.-systems engineering.

Directors: Karl H. Kostusiak, David B. Lederer, Joseph M. LoBozzo, Jr., Edward C. McIrvine, W. Mathew Juechter.

Areas of Work: Designs, manufactures, and markets electronic instrumentation and control equipment for the security and facility management industries. The Company's product line includes electronic intrusion detectors, fire detectors, alarm control equipment, and microprocessor-based energy management equipment.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Lincoln First Tower
Rochester, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DETC (NASDAQ)

Number of Employees:

1988	203	1985	173
1987	226	1984	154
1986	193		

Plant Footage:

1988 .... 84,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1989	$ 19,140,000	$ 1,550,000
1988	16,965,000	1,176,000
1987	13,025,000	713,000
1986	9,328,000	2,000
1985	8,608,000	(908,000)

	No. of Com. Shares +	Earn. per Share #
1989	2,453,197	$ 0.57
1988	2,479,357	0.48
1987	2,413,221	0.29
1986	2,367,727	—
1985	2,345,415	—

(Loss)
+ Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 10,511,482	$ 4.28
1988	9,157,073	3.69
1987	7,747,070	3.21
1986	6,941,249	2.93
1985	6,899,913	2.94

‡ Adjusted to reflect stock split.

Income Account*

Year ended March 31	1989	1988
Net sales	$ 19,140,233	$ 16,965,142
Interest income	344,768	165,301
Total income	$ 19,485,001	$ 17,130,443
Cost of sales	12,720,198	11,202,488
Expenses	4,075,874	3,664,764
Interest expense	333,925	292,115
Inc. bef. taxes	$ 2,355,004	$ 1,971,076
Inc. taxes	805,000	795,000
Net income	$ 1,550,004	$ 1,176,076

* Included in Costs and Expenses, Depreciation and Amortization: $826,960 in 1989 and $695,689 in 1988.

Assets

As of March 31	1989	1988
Cash & cash equiv.	$ 1,556,140	$ 2,822,394
Short-term invest.	3,270,986	—
Accts. receiv., net	2,464,707	2,534,859
*Inventories	3,036,689	4,321,686
Deferred income tax charges	149,200	78,200
Prepaid expenses	205,830	106,701
Current Assets	$ 10,683,552	$ 9,863,840

#Fixed assets	2,779,901	2,036,439
Prop. under cap. lease	2,985,516	3,725,999
Other assets	205,157	242,174
Total Assets	$ 16,654,126	$ 15,868,452

Liabilities

Long-term debt, curr.	$ 266,782	$ 416,119
Accts. payable	581,309	623,319
Accrued payroll	765,747	609,753
Interest payable	87,192	65,957
Other accruals	119,704	146,327
Income taxes payable	120,065	299,070
Curr. Liabilities	$ 1,940,799	$ 2,160,545
Convert. deben.	1,000,000	1,000,000
Oblig. under cap. leases	1,999,105	2,597,234
Deferred compensation	334,140	—
Deferred inc. taxes	868,600	953,600
+Common stock	125,160	123,968
Add. paid-in capital	5,681,541	5,594,578
Retained earnings	4,988,531	3,438,527
Treasury stock	(250,000)	—
Notes receiv. - stock purch.	(33,750)	—
Total Liabilities & Shareholders' Equity	$ 16,654,126	$ 15,868,452

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

% Income bef. Taxes to Sales	12.30	11.62
% Net Income to Sales	8.10	6.93
% Net Income to Equity	14.75	12.84
Sales to Inventories	6.30	3.93
Debt to Equity	0.22	0.33
Working Capital	$ 8,742,753	$ 7,703,295
Current Ratio	5.50	4.57
Shareholders' Equity	$ 10,511,482	$ 9,157,073

The Dewey Electronics Corporation

27 Muller Road
Oakland, New Jersey 07436
(201) 337-4700

Officers: Gordon C. Dewey, president; Frances Dommeloers, v.p.-administration; John G. McQuaid, secretary.

Directors: Frances D. Dewey, Gordon C. Dewey, Peter Eustis, John G. McQuaid, Alexander A. Cameron, Jr., Millard F. West, Jr..

Areas of Work: The Corporation develops and produces torpedo and mine casings, electronic sonar, communications and other anti-submarine warface special-purpose electronic equipment. The Pitometer Log Division also manufactures ship speed and distance measuring instrumentation.

Divisions:

Pitometer Log Division
27 Muller Road
Oakland, New Jersey 07436
(201) 337-4700

Manufacturer of ship speed and distance measuring instrumentation.

HEDCO Division

Designs, manufactures and markets snowmaking machinery.

Transfer Agent(s):

Registrar and Transfer Company
Cranford, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEWY (NASDAQ)

Sales & Earnings

	Revenues	Net Income †
1988	$ 5,644,119	$ (2,278,389)
1987	10,821,932	127,907
1986	10,586,428	(234,950)
1985	13,108,447	(311,341)
1984	15,772,633	489,898

	No. of Com. Shares +	Earn. per Share ‡ †
1988	1,339,285	$ —
1987	1,339,185	0.09
1986	1,339,208	—
1985	1,339,208	—
1984	1,339,208	0.37

(Loss)
† Including extraordinary loss of $206,163 ($0.15 per share) in 1984.
+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1988	1987
Electronic products	4,107,000	$ 9,607,000
Leisure & recreation	1,537,000	1,215,000
Total	$ 5,644,000	$ 10,822,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 1,074,857	$ 0.80
1987	3,353,046	2.50
1986	3,225,220	2.41
1985	3,460,170	2.58
1984	3,771,511	2.82

+ Adjusted to reflect stock split.

Income Account *

Year ended June 30	1988	1987
Revenues	$ 5,644,119	$ 10,821,932
Cost of revenues	7,903,103	8,652,318
Expenses	1,733,035	1,728,466
Interest expense	412,117	393,890
Patent settlement	(477,330)	—
Gain on dispos. of land	(190,473)	(228,237)
Interest income	(27,944)	(21,217)
Inc. (loss) bef. taxes	$ (3,708,389)	$ 296,712
Income taxes (credit)	(1,143,000)	168,805
Cum. effect of change in accntng. meth.	(287,000)	—
Net Income (Loss)	$ (2,278,389)	$ 127,907

* Included in Costs and Expenses, Depreciation and Amortization: $268,637 in 1988 and $269,939 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 54,622	$ 89,284
Accts. & notes receiv., net	721,083	1,391,276
Contract costs	265,383	3,305,064
*Inventories	853,319	1,223,660
Prepaid expenses & other assets	386,385	485,220
Current Assets	$ 2,280,792	$ 6,494,504
#Fixed assets	1,751,911	1,977,131
Intangibles	108,915	135,054
Other assets	32,728	—
Contract costs attrib. to claims	1,486,451	1,636,461
Total Assets	$ 5,660,797	$ 10,243,150

Liabilities

Notes payable	$ —	$ 500,000
Long-term debt, curr.	179,350	549,689
Accts. payable	624,549	1,366,749
Accruals	454,265	336,540
Deferred income taxes	—	1,192,562
Curr. Liabilities	$ 1,258,164	$ 3,945,540
Deferred income taxes	—	237,438
Long-term debt, curr.	3,327,776	2,707,126
+Common stock	16,934	16,934
Add. paid-in capital	2,835,307	2,835,307
Retained earnings (deficit)	(1,256,821)	1,021,568
Treasury stock	(520,563)	(520,763)
Total Liabilities & Shareholders' Equity	$ 5,660,797	$ 10,243,150

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.74
%Net Income to Sales	—	1.18
%Net Income to Equity	—	3.81
Debt to Equity	3.26	1.12
Working Capital	$ 1,022,628	$ 2,551,964
Current Ratio	1.81	1.65
Shareholders' Equity	$ 1,074,857	$ 3,353,046

Dexon, Inc.

3842 Washington Avenue North
Minneapolis, Minnesota 55412
(612) 521-4441

Officers: John H. Sandbo, chairman, president & chief executive officer; Mary M. Smith, secretary; Robert W. True, v.p. & treasurer; David Walter, v.p.-operations; John Metsa, v.p.-sales & marketing.

Directors: John H. Sandbo, chairman; Clarence E. Westin, Jon R. Holt, David J. Ekberg, David G. Croonquist.

Areas of Work: Engaged in the design and manufacture of ultra-clean air systems and wet process work stations and quartz tube cleaners which are used in the manufacture of integrated circuits.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEXO (NASDAQ)

Number of Employees:

1989	68	1987	79
1988	102		

Plant Footage:

1989 .... 70,400 sq. ft. 1987 70,400
1988 70,400

Sales & Earnings

	Revenues +	Net Income †
1989	$ 7,789,000	$ (843,000)
1988	8,764,000	101,000
1987	6,340,000	(499,000)
1986	6,843,000	(179,000)
1985	6,924,000	283,000

	No. of Com. Shares	Earn. per Share † #
1989	677,250	$ —
1988	677,250	0.14
1987	673,050	—
1986	670,050	—
1985	667,350	0.42

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $29,857 ($0.14 per share) in 1988.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 91,000	$ 0.13
1988	934,000	1.38
1987	824,000	1.23
1986	1,320,000	1.93
1985	1,494,000	2.22

Income Account *

Year ended Mar. 31	1989	1988
Net sales	$ 7,789,338	$ 8,763,557
Cost of sales	5,706,833	5,912,890
Expenses	2,421,717	2,416,531
Interest expense	494,071	329,890
Other expense (income)	9,751	(13,377)
Inc. (loss) bef. taxes	$ (843,034)	$ 117,623
Income taxes	—	34,617
Inc. (loss)-cont. oper.	$ (843,034)	$ 117,623
Loss-discont. oper.	—	(11,414)
Net Income (Loss)	$ (843,034)	$ 71,592
Extraord. gain	—	29,857
Net Income (Loss) & extraord. gain	$ (843,034)	$ 101,449

* Included in Costs and Expenses, Depreciation: $306,935 in 1988 and $241,070 in 1988.

Assets

As of Mar. 31	1989	1988
Cash & short-term invest.	$ —	$ 26,944
Funds held by trustee	54,001	57,814
Accts. receiv., net	1,310,867	2,399,585
* Inventories	2,557,374	1,924,153
Other curr. assets	92,465	79,970
Current Assets	$ 4,014,707	$ 4,488,466
# Fixed assets	1,955,786	2,066,825
Total Assets	$ 5,970,493	$ 6,555,291

Liabilities

Cash overdraft	$ 60,580	$ —
Notes payable	3,000,000	2,500,000
Long-term debt, curr.	90,056	89,757
Accts. payable	1,212,071	1,295,426
Compen. & rel. taxes	259,248	414,927
Accrued interest	62,694	60,969
Other liab.	197,928	173,206
Curr. Liabilities	$ 4,882,577	$ 4,534,285
Long-term debt	996,967	1,087,023
+ Common stock	338,625	338,625
Add. paid-in capital	455,826	455,826
Retained earnings (deficit)	(703,502)	139,532
Total Liabilities & Shareholders' Equity	$ 5,970,493	$ 6,555,291

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Net Income to Equity	—	7.67
Sales to Inventories	3.05	4.55
Debt to Equity	15.25	1.26
Shareholders' Equity	$ 90,949	$ 933,983

Diagnostic/Retrieval Systems, Inc.

8 Wright Way
Oakland, New Jersey 07436
(201) 337-3800

Officers: Leonard Newman, chairman of the board, chief executive officer & secretary; David E. Gross, president & chief operating officer; Jackson Kemper, Jr., v.p.-Washington operations; Mark S. Newman, exec. v.p., chief financial officer & treasurer; Allen P. Tucker, v.p. & pres.-Precision Echo, Inc.; Lewis F. Ozimek, v.p.-contracts; Jack R. Williams, v.p.-research and technology; John V. Giordano, v.p. & corp. controller; J. Patrick Rau, controller, operations; Richard Ross, v.p.-corporate development; Ralph A. Hileman, v.p.-business development, DRS of California, Inc.; Patricia M. Williamson, asst. v.p.-corporate communications.

Directors: Leonard Newman, chairman; David E. Gross, Theodore Cohn, Jack Rachleff, Harold Rapaport, Mark N. Kaplan, Mark S. Newman.

Areas of Work: The Company designs, develops, manufactures and markets special-purpose computer and display systems, high-density digital recording systems, and trainer systems and optical systems and assemblies for the armed forces. The Company's high-technology defense electronics products have a variety of military and industrial applications.

Divisions and Subsidiaries:

Diagnostic/Retrieval Systems of California, Inc.
17772 East 17th Street, Suite 208
Tustin, California 92680

Precision Echo, Inc.
3105 Patrick Henry Drive
Santa Clara, California 95054

Designs and manufactures military and industrial quality magnetic recording devices and compact ruggedized tape recorders employed in antisubmarine warfare, reconnaissance aircraft and for intelligence purposes.

Diagnostic/Retrieval Systems, Inc.
Washington Operations
1215 S. Jefferson Davis Highway
Suite 1004
Arlington, Virginia 22202

Acquisition:

Photronics Corp.
270 Motor Parkway
Hauppauge, New York 11788

Designs and manufactures optical systems and assemblies used in military weapon fire control, system boresighting and optical test equipment.

Transfer Agent(s):

The Trust Company of New Jersey
35 Journal Square
Jersey City, New Jersey 07306

Stock Exchange(s): American

Ticker Symbol: DRS-A, DRS-B

Number of Employees:

1989 .... 549 1986 395
1988 .... 489 1985 396
1987 498

Plant Footage:

1989 .... 194,000 sq. ft. 1987 120,000
1988 .... 120,000 1986 87,000

Sales & Earnings

	Revenues	Net Income +
1989	$ 70,357,000	$ 3,995,000
1988	61,499,000	3,714,000
1987	53,259,000	3,434,000
1986	35,979,000	1,033,000
1985	33,435,000	1,257,000

	No. of Com. Shares #	Earn. per Share # +
1989	5,637,000	$ 0.71
1988	5,648,000	0.66
1987	5,628,000	0.61
1986	5,625,324	0.18
1985	5,584,029	0.23

+ Including extraordinary gain of $187,000 ($0.03 per share) in 1985.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 35,650,000	$ 6.32
1988	31,655,000	5.62
1987	27,915,000	4.96
1986	24,442,000	4.34
1985	23,446,000	4.20

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Mar. 31	1989	1988
Revenues	$ 70,357,000	$ 61,499,000
Costs and expenses	62,633,000	51,911,000
Interest expense	2,403,000	2,231,000
Other expense (income)	1,653,000	582,000
Income before taxes	$ 6,974,000	$ 6,775,000
Income taxes	2,979,000	3,061,000
Net Income	$ 3,995,000	$ 3,714,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,443,000 in 1989 and $2,402,000 in 1988.

Assets

As of Mar. 31	1989	1988
Cash & cash equiv.	$ 6,027,000	$ 9,186,000
Market. securities	6,491,000	17,625,000
Accts. receiv., net	19,158,000	14,332,000
*Inventories	16,276,000	12,234,000
Prepaid expenses	1,074,000	2,097,000
Current Assets	$ 49,026,000	$ 55,474,000

#Fixed assets	17,601,000	6,439,000
Intangibles	9,665,000	5,912,000
Other assets	2,092,000	2,061,000
Total Assets	$ 78,384,000	$ 69,886,000

Liabilities

Long-term debt, curr.	$ 368,000	$ 77,000
Accts. payable & accruals	8,503,000	5,025,000
Income taxes	5,133,000	8,374,000
Deferred revenues	1,005,000	—
Curr. Liabilities	$ 15,009,000	$ 13,476,000
Long-term debt	27,461,000	24,755,000
Deferred inc. taxes	152,000	--
Other liabilities	112,000	—
+ Common stock:		
Class A	37,000	37,000
Class B	21,000	21,000
Add. paid-in capital	12,913,000	12,749,000
Retained earnings	23,610,000	19,615,000
Treasury stock	(761,000)	(761,000)
Unamort. restricted stock comp.	(170,000)	(6,000)
Total Liabilities & Shareholders' Equity	$ 78,384,000	$ 69,886,000

* At actual cost, not in excess of estimated net realizable value.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.91	11.02
%Net Income to Sales	5.68	6.04
%Net Income to Equity	11.21	11.73
Sales to Inventories	4.32	5.03
Debt to Equity	0.78	0.78
Working Capital	$ 34,017,000	$ 41,998,000
Current Ratio	3.27	4.12
Shareholders' Equity	$ 35,650,000	$ 31,655,000

Di-An Controls, Inc.

944 Dorchester Avenue
Boston, Massachusetts 02125
(617) 288-7700

Officers: Robert D. Kodis, president & treasurer; James B. Marcus, vice president, asst. treasurer & clerk..

Directors: Robert D. Kodis, James B. Marcus, Peter Segel, Daniel Judge.

Areas of Work: Manufactures, sells, and services printer products, computer work stations, and the Movie Master System. These products are used for real-time on-line issuing of tickets, tags and labels in the fields of transportation, entertainment, sports, wagering, manufacturing, and financial exchanges.

Subsidiary:

Di-An Service Corp.

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10004

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DICC (NASDAQ)

Sales & Earnings

	Net Sales ‡	Net Income †
1987	$ 749,060	$ 1,246,126
1986	1,550,055	(558,069)
1985	2,389,549	(630,398)
1984	4,159,662	210,855
1983	3,226,418	(73,747)

	No. of Com. Shares	Earn. per Share#†
1987	826,405	1.51
1986	826,405	—
1985	826,405	—
1984	826,405	0.26
1983	826,405	—

(Loss)
‡ Including service revenues.
† Including extraordinary credits of $470,336 ($0.57 per share) in 1987 and $67,230 ($0.08 per share) in 1984.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 1,349,184	$ 1.63
1986	103,058	0.12
1985	661,127	0.80
1984	1,291,525	1.56
1983	1,080,670	1.31

Income Account *

Year ended Dec. 31	1987	1986
Net sales & serv. revenues	$ 749,060	$ 1,550,055
Other income	68,391	68,202
Total income	$ 817,451	$ 1,618,257
Cost of sales	955,916	1,500,238
Expenses	496,323	662,959
Interest expense	46,863	13,139
Gain on sale of prop.	(2,057,845)	—
Income (loss) bef. taxes	$ 1,376,194	$ (558,069)
Income taxes	600,404	—
Net Income (loss)	$ 775,790	$ (558,069)
Extraord. gain	470,336	—
Net Income (loss) & extraord. gain	$ 1,246,126	$ (558,069)

* Included in Costs and Expenses, Depreciation: $16,008 in 1987 and $29,328 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 976,135	$ 19,799
Accts. receiv., net	119,840	73,782
*Inventories	262,623	555,551
Refund. inc. taxes	139,642	—
Prepaid expenses	9,318	12,626
Current Assets	$ 1,507,558	$ 661,758
#Fixed assets	31,210	72,566
Other assets	18,038	17,267
Total Assets	$ 1,556,806	$ 751,591

Liabilities

Loan payable	—	85,500
Long-term debt, curr.	—	29,920
Accts. payable	80,416	220,053
Accruals	87,595	87,505
Accrued payroll	7,772	37,753
Customer deposits	22,774	38,820
Inc. taxes	9,065	1,627
Curr. Liabilities	$ 207,622	$ 501,178
Long-term debt	—	147,355
+Common stock	82,641	82,641
Add. paid-in capital	1,124,451	1,124,451
Retained earnings (deficit)	142,092	(1,104,034)
Total Liabilities & Shareholders' Equity	$ 1,556,806	$ 751,591

* At lower of est. cost (FIFO) or net realizable value.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Debt to Equity	—	2.55
Working Capital	$ 1,299,936	$ 160,580
Current Ratio	7.26	1.32
Shareholders' Equity	$ 1,349,184	$ 103,058

Diebold, Incorporated

818 Mulberry Road S.E.
P.O. Box 8230
Canton, Ohio 44711
(216) 489-4000

Officers: Robert W. Mahoney, chairman & chief exec. officer; Robert P. Barone, president & chief operating officer; Harry E. Parr, Jr., sr. v.p.-finance, treasurer and chief adm. officer; William T. Blair, v.p.-customer services; Frank G. D'Angelo, v.p.-product management & applications systems; Charles P. Harris, v.p.-U.S. sales & marketing; Edgar N. Petersen, v.p.-international sales & marketing; Charles B. Scheurer, v.p.-human resources & corp. services; Harry O. Seitzinger, v.p., controller & asst. treasurer; Warren W. Dettinger, v.p. & general counsel; Alben W. Warf, v.p.-engineering & manufacturing; Charee Francis-Vogelsang, v.p. & secretary; Robert J. Warren, asst. treasurer.

Directors: Louis V. Bockius, III, Daniel T. Carroll, Harry E. Parr, Jr., Donald R. Gant, Raymond Koontz, Frank D. Robinson, Robert W. Mahoney, William F. Massy, W. R. Timken, Jr., Robert P. Barone.

Areas of Work: Designs, manufactures, sells, installs, and services a broad line of automated transaction systems and security equipment used in financial service applications in financial, retail, transportation, government, petroleum and other industry groups.

Divisions:

Security Products
Electronics Products
Retail Products
Software Development & Systems Services
Customer Services

Transfer Agent(s):

AmeriTrust Company, N.A.
Corporate Trust Division
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York

Ticker Symbol: DBD

Number of Employees:

1988	4,560	1985	5,229
1987	4,878	1984	5,505
1986	5,320		

Plant Footage:

1988	1,586,220 sq. ft.	1985	1,559,720
1987	1,586,220	1984	1,829,530
1986	1,559,720		

Sales & Earnings

	Net Sales	Net Income
1988	$ 450,571,000	$ 35,824,000
1987	439,063,000	35,768,000
1986	417,369,000	34,905,000
1985	411,935,000	30,392,000
1984	474,320,000	56,900,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	13,176,000	$ 2.72
1987	13,162,000	2.72
1986	13,130,000	2.66
1985	13,116,000	2.32
1984	13,082,000	4.35

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 360,791,000	$ 27.40
1987	341,125,000	25.92
1986	320,202,000	24.40
1985	300,129,000	22.89
1984	281,703,000	21.53

‡ Adjusted to reflect stock split.

Income Account

Year ended Dec. 31	1988	1987
Net sales	$ 450,571,000	$ 439,063,000
Cost of sales	311,444,000	292,190,000
Expenses	102,548,000	100,386,000
Oper. profit	$ 36,579,000	$ 46,487,000
Interest income	(9,723,000)	(10,552,000)
Interest expense	586,000	839,000
Loss on dispos. of assets	490,000	254,000
Other charges	1,356,000	803,000
Income before taxes	$ 43,870,000	$ 55,143,000
Income taxes	12,530,000	19,375,000
Cum. effect of acct. change	(4,484,000)	—
Net Income	$ 35,824,000	$ 35,768,000

* Included in Costs and Expenses, Depreciation and Amortization: $10,334,000 in 1988 and $8,735,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 42,453,000	$ 25,851,000
Short-term invest.	49,179,000	58,375,000
Notes receiv., other	1,579,000	1,434,000
Accts. receiv., net	107,462,000	103,882,000
*Inventories & contracts in process	85,423,000	93,058,000
Prepaid expenses	12,467,000	15,928,000
Current Assets	$ 298,563,000	$ 298,528,000
Investments	73,321,000	68,844,000
#Fixed assets	59,552,000	51,967,000
Intangibles	23,301,000	22,299,000
Total Assets	$ 454,737,000	$ 441,638,000

Liabilities

Long-term debt, curr.	$ 1,000,000	$ 1,000,000
Accts. payable	16,783,000	22,061,000
Dividends payable	4,608,000	4,277,000
Income taxes	6,214,000	6,725,000
Accrued payroll	3,491,000	2,684,000
Other accruals	17,909,000	13,773,000
Deferred income taxes	677,000	14,376,000
Deferred income	18,212,000	17,258,000
Other curr. liab.	5,912,000	6,699,000
Curr. Liabilities	$ 74,806,000	$ 88,853,000
Long-term debt	5,000,000	6,000,000
Deferred inc. taxes	14,140,000	5,660,000
+Common stock	30,590,000	30,351,000
Add. paid-in capital	58,054,000	58,054,000
Retained earnings	273,453,000	255,076,000
For. curr. trans. adj.	(691,000)	(1,741,000)
Treasury stock	(615,000)	(615,000)
Total Liabilities & Shareholders' Equity	$ 454,737,000	$ 441,638,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.74	12.56
%Net Income to Sales	7.95	8.15
Net Income to Equity	9.93	10.49
Sales to Inventories	5.27	4.72
Debt to Equity	0.02	0.02
Working Capital	$ 223,757,000	$ 209,675,000
Current Ratio	3.99	3.36
Shareholders' Equity	$ 360,791,000	$ 341,125,000

Digilog, Inc.

1370 Welsh Road
Montgomeryville, Pennsylvania 18936
(215) 628-4530

Officers: Ronald G. Moyer, chairman of the board & president; Thomas M. Emory, Jr., v.p.-technology & secretary; Charles L. McNew, chief financial officer; Mark R. Jolliffe, v.p.-manufacturing; Roy D. Gemberling, v.p. & gen. mgr.-Network Test and Control Division.

Directors: Ronald G. Moyer, Thomas M. Emory, Jr., Peter Taraborelli, L. John Ankney, John Vensel, Hilliard W. Paige.

Areas of Work: Develops, manufactures and markets digital data communications test equipment and network management and control systems.

Division:

Network Test and Control Division

Transfer Agent(s):

Mellon Securities Transfer Services
4 Station Square, 3rd Floor
Pittsburgh, Pennsylvania 15219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DILO (NASDAQ)

Number of Employees:

1987	128	1986	123

Plant Footage:

1987	39,000 sq. ft.	1986	32,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 16,772,874	$ 1,248,736
1986	14,993,479	175,656
1985	17,151,082	(455,280)
1984	13,430,461	(942,540)
1983	14,853,941	(1,030,516)

	No. of Com. Shares #	Earn. per Share #
1987	2,219,230	$ 0.56
1986	2,031,590	0.11
1985	2,026,241	—
1984	2,010,970	—
1983	1,988,958	—

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 10,352,982	$ 4.67
1986	4,947,012	2.44
1985	4,679,025	2.31
1984	5,250,380	2.61
1983	6,114,929	3.07

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net Sales	$ 16,772,874	$ 14,993,479
Contract revenues	132,200	724,300
Total income	$ 16,905,074	15,717,779
Cost of sales	7,762,391	8,584,482
Selling expenses	4,121,717	4,282.585
Gen. & adm. expenses	1,233,169	1,069,204
Research & develop. costs	1,663,195	1,098,766
Other expense	39,866	507,266
Income bef. taxes	$ 2,084,736	$ 175,656
Income taxes	836,000	—
Net Income (Loss)	$ 1,248,736	$ 175,656

* Included in Costs and Expenses, Depreciation and Amortization: $967,952 in 1987 and $944,383 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 4,112	$ 49,175
Short-term investments	4,826,675	226,201
Accts. receiv., net	3,682,765	3,992,953
* Inventories	2,613,077	2,817,874
Prepaid expenses	298,342	194,580
Current Assets	$ 11,424,971	$ 7,280,783
Investments	125,661	292,587
Deferred software costs	195,250	—
# Fixed assets	1,392,945	1,635,580
Other assets	79,175	99,175
Total Assets	$ 13,218,002	$ 9,308,125

Liabilities

Long-term debt & cap. lease oblig., curr.	$ 26,165	$ 45,057
Accts. payable	793,259	1,021,597
Accruals	1,172,412	1,121,678
Taxes payable	714,910	—
Contract revenue	—	132,200
Curr. Liabilities	$ 2,706,746	$ 2,320,532
Long-term debt	60,274	1,912,804
Def. inc. taxes	—	19,777
Other liabilities	98,000	108,000
+ Common stock	26,671	16,438
Add. paid-in capital	10,536,534	6,400,943
Deficit	(132,628)	(1,381,364)
Loss of invest.	(17,609)	(29,019)
Treasury stock	(59,986)	(59,986)
Total Liabilities & Shareholder's Equity	$ 13,218,002	$ 9,308,125

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.43	—
%Net Income to Sales	7.44	1.12
%Net Income to Equity	12.06	3.55
Sales to Inventories	6.42	5.32
Debt to Equity	0.01	0.39
Working Capital	$ 8,718,225	$ 4,960,251
Current Ratio	4.22	3.14
Shareholders' Equity	$ 10,352,982	$ 4,947,012

Digital Communications Associates, Inc.

1000 Alderman Drive
Alpharetta, Georgia 30201-4199
(404) 442-4000

Officers: Bertil D. Nordin, chairman & chief exec. officer; James F. Ottinger, president & chief operating officer; Craig J. Huffaker, exec. v.p., chief financial officer, secretary & treasurer; John C. Bacon, vice president; James B. Lee, III, vice president; Paul A. Rodwick, vice president; Robert J. Zack, vice president; Ralph Delio, vice president; John J. Douglas, vice president; H. David Miller, vice president; Howard Laffler, vice president.

Directors: Bruce K. Anderson, Frank A. Bonsal, Jr., John F. Glenn, Craig J. Huffaker, James L. Mann, Bertil D. Nordin, James F. Ottinger.

Areas of Work: Designs, manufactures and markets data communications equipment and systems that allow the transfer of data between terminals and computers or between personal computers and mainframes, whether in remote or local settings.

Subsidiaries:

DCA International, Inc.
Foreign Sales Corporation (FSC).

DCA Investment Corporation
Investment transactions.

Digital Communcations Associates (Puerto Rico) Corp.
Manufacturing.

Forte Communications, Inc.
2205 Fortune Drive
San Jose, California 95131
(408) 432-9111
Manufactures and markets electronic data communication equipment.

Cohesive Network Corporation
150 Knowles Drive
Los Gatos, California 95030
(408) 370-4100
Manufactures and markets electronic data communication equipment.

Microstuf, Inc.
Develops and markets computer software.

Acquisition:

Fox Research, Inc.
Develops, manufactures and markets local area networks for personal computers.

Transfer Agent(s):

Citizens and Southern Trust Company
P.O. Box 105555
Atlanta, Georgia 30348-5555

Stock Exchange(s): New York

Ticker Symbol: DCA

Number of Employees:

1988	N.A.	1986	883
1987	1,186		

Plant Footage:

1988	N.A.	1986	177,000
1987	193,762 sq. ft.	1985	177,000

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income †
1988	$ 227,480,000	$ 42,216,000
1987	181,399,000	28,433,000
1986	150,705,000	14,923,000
1985	107,679,000	8,346,000
1984	58,700,000	5,208,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	15,252,000	$ 2.77
1987	14,913,000	1.91
1986	13,530,000	1.10
1985	11,885,000	0.70
1984	10,852,000	0.48

† Including extraordinary gain of $1,400,000 ($0.09 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 203,316,000	$ 13.33
1987	157,296,000	10.55
1986	125,154,000	9.25
1985	59,781,000	5.03
1984	44,146,000	4.07

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 227,479,568	$ 181,399,050
Cost of sales	76,808,923	57,384,448
Expenses	103,051,498	81,986,772
Non-recurring charge	—	3,975,000
Interest income	(10,124,233)	(6,571,111)
Income before taxes	$ 57,743,380	$ 44,623,941
Income taxes	15,527,000	17,591,000
Net Income	$ 42,216,380	$ 27,032,941
Extraord. gain	—	1,400,000
Net Income & extraord. gain	$ 42,216,380	$ 28,432,941

* Included in Costs and Expenses, Depreciation and Amortization: $9,224,516 in 1988 and $6,026,624 in 1987.

Assets

As of June 30	1988	1987
Cash & short-term invest.	$ 124,914,869	$ 101,334,112
Accts. receiv., net	39,937,721	24,265,356
*Inventories	22,801,923	17,845,622
Prepaid expenses	6,755,957	2,010,786
Current Assets	$ 194,410,470	$ 145,455,876
Investments	9,091,791	12,407,241
#Fixed assets	43,436,306	37,966,137
Other assets	5,079,438	863,408
Total Assets	$ 252,018,005	$ 196,692,662

Liabilities

Accts. payable	$ 9,741,450	$ 7,558,430
Accrued compens.	15,646,278	10,892,718
Income taxes	16,125,978	12,486,280
Other accruals	7,187,831	8,459,220
Curr. Liabilities	$ 48,701,537	$ 39,396,648
+Common stock	1,468,481	1,434,850
Add. paid-in capital	98,220,774	94,450,331
Retained earnings	103,627,213	61,410,833
Total Liabilities & Shareholders' Equity	$ 252,018,005	$ 196,692,662

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	25.38	24.60
%Net Income to Sales	18.56	14.90
%Net Income to Equity	20.76	17.19
Sales to Inventories	9.98	10.16
Working Capital	$ 145,708,933	$ 106,059,228
Current Ratio	3.99	3.69
Shareholders' Equity	$ 203,316,468	$ 157,296,014

Digital Equipment Corporation

146 Main Street
Maynard, Massachusetts 01754
(508) 897-5111

Officers: Kenneth H. Olsen, president; James M. Osterhoff, v.p.-finance; George A. Chamberlain, III, v.p-engineering, manufacturing & marketing finance; Henry J. Crouse, v.p. & group manager; James G. Cudmore, v.p.-product operations; William R. Demmer, v.p.-Mid-Range Systems Business Group; Pier-Carlo Falotti, v.p. & president & chief exec. officer-Europe; William C. Hanson, v.p.-manufacturing operations; Winston R. Hindle, Jr., sr. v.p.-corporate operations; William R. Johnson, Jr., v.p.-distributed systems; John J. Shields, sr. v.p.-Sales, Services Marketing &

International; William J. Heffner, v.p.-software systems; Jack MacKeen, v.p.-channels marketing; William D. Strecker, v.p.-project strategy & architecture; Bruce J. Ryan, v.p. & controller; Albert E. Mullin, Jr., v.p.-corp. relations; Richard Poulsen, v.p.-general int'l area; F. Grant Saviers, v.p.-storage systems; Edward A. Schwartz, v.p., general counsel & secretary; Godfrey S. Shingles, v.p., managing director, United Kingdom Region; John F. Smith, Sr., v.p.-manufacturing, engineering & product marketing; William G. Witmore, v.p.-basic industry marketing; John L. Alexanderson, v.p.-Peripherals and Supplies Group; Don K. Busiek, v.p.-software & educational services & computer special systems; Samuel H. Fuller, v.p.-research; David W. Grainger, v.p.-corp. field service; Rose Ann Giordano, v.p.-Information Systems Business Group; Robert Hughes, v.p.-service industry marketing; Charles E. Shue, v.p.-U.S. sales; Peter J. Smith, v.p.-product marketing; Harvey L. Weiss, v.p.-U.S. operation & Government System Group; Richard H. Yen, v.p.-GIA manufacturing & engineering; Ilene B. Jacobs, v.p. & treasurer; Robert M. Glorioso, v.p.-high performance systems; Donato A. Infante, Jr., v.p.-manufacturing information & technology; Edward B. McDonough, v.p.-GIA operations; Kevin C. Melia, v.p.-manufacturing materials & corp. distribution; Robert B. Palmer, v.p. & group mgr.-Semiconductor Operation; John L. Sims, v.p.-strategic resources; David L. Stone, v.p.-int'l engineering & strategic resources; Donald P. Zereski, v.p.-U.S. field service.

Directors: Vernon R. Alden, Arnaud de Vitry, Kenneth H. Olsen, Dorothy E. Rowe, William H. McLean, Philip Caldwell, Robert R. Everett.

Areas of Work: Designs, manufactures, sells and services computers and associated peripheral equipment, and related software and supplies. The Company's products are used worldwide in a variety of applications and programs, including scientific research and computation, communications, education, data analysis, industrial control systems, time sharing systems, commercial data processing systems, word processing, personal computing, health care, instrumentation, engineering and simulation.

Subsidiaries:

Digital Equipment, S.A. de C.V.
Apartado Postal 12-1009
Mexico 12, D.F.

Digital Equipment Corporation Oy
Soukantie 14
SF-02360 Sourra, Finland

Digital Equipment Comercio e Industria, Ltda.
Avenida Augusto Severo, 156-B
Lapa ZC06
20,000 Rio de Janeiro-Guanabara, Brazil

Computer Insurance Company Limited
Old Colony Insurance Ltd.
Reid House, P.O. Box 1826
Hamilton, 5-24, Bermuda

Digital Computer Hong Kong Limited
71 Catchick Street
13th floor, Green Island House
Kennedy Town, Hong Kong

Digital Computer Taiwan Limited
Taiwan, Republic of China

Digital Equipment Ireland Limited
Republic of Ireland

Digital Equipment Scotland Limited
Shiel House, Craigshill
G-B Livingston
West Lothian, Scotland

Digital Equipment B.V.
Digital Equipment International B.V.
KAAP Horndreef 38
P.O. Box 9064
Utrecht, Holland

Digital Equipment N.V.S.A.
108 Rue D'Arlon
B-1040 Bruxelles, Belgium

Digital Incorporated
Digital International Sales Corporation
DEC Ltd.
7 Habikuk Street
Tel Aviv, Israel

Digital Equipment Corporation International (Europe)
12 Avenue des Morgines
Case Postale 176
CH1213 Petit-Lancy 1, Geneva, Switzerland

Digital Equipment Corp. A/S
Tonheimsveien 47
N-Oslo 5, Norway

Digital Equipment Corporation Ges. m.b.H
Mariahilferstrasse 136
A-1150 Wien 15, Austria

Digital Equipment New Zealand, Limited
Suite 18, Hilton House
430 Queen Street, P.O. Box 2471
Auckland, New Zealand

Digital Equipment Taiwan Limited
13-2 Nan Hsin Li, Tachi
Taoyuan, Taiwan, Republic of China

Digital Equipment Corporation ApS
Hellerupvej 66
DK-2900 Helleup, Denmark

Digital Equipment of Canada Ltd.
100 Herzberg Road
Kanata, Ontario K2K 2A6 Canada
(613) 592-5111

Digital Equipment International GmbH
Digital Equipment GmbH
D-8000 Munich 40
Wallensteinplatz 2, West Germany

Digital Equipment Australia Pty. Ltd.
123-125 Willoughby Road
P.O. Box 491-Crows Nest
New South Wales 2065, Australia

Digital Equipment Co. Limited
Fountain House, Butts Centre
Reading Berkshire RG 17 QN
United Kingdom

Digital Equipment France S.A.R.L.
2 Place Gustave Eiffel
Cidex L225
18, Rue Saarinen 94 533 Rungis, France

Digital Equipment AB
Englundsvaagen 7
S-17141 Solna, Sweden

Digital Equipment Corporation de Puerto Rico
P.O. Box 106
San German 00753 Puerto Rico
(809) 892-1946

Digital Equipment S.p.A.
Corso Garibaldi 49
1-20121 Milano, Italy

Digital Equipment Corp. S.A.
20. Quai Ernest Ansermet
Boite Postale 23
CH-1211 Geneva 8, Switzerland

Digital Equipment Corporation International
Maynard, Massachusetts

Digital Equipment Panama, Inc.
Digital Equipment Trinidad, Inc.
Digital Equipment Services, Inc.
Digital Growth, Inc.
Digital Realty Limited
Digital Equipmenht Singapore (PTE) Limited

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Boston*, Philadelphia*, Midwest*, Pacific, Cincinnati*, Luxembourg*, Zurich, Geneva, Basel, Frankfurt, Munich, Berlin *Unlisted trading privileges.

Ticker Symbol: DEC

Number of Employees:

1987	110,500	1984	86,000
1986	94,700	1983	73,000
1985	89,000		

Plant Footage:

1987	34,000,000 sq. ft.	1984	N.A.
1986	32,300,000	1983	23,000,000
1985	29,300,000		

N.A.-Not Available.

Sales & Earnings

	Net Sales # (000's)	Net Income (000's)
1987	$ 9,389,444	$ 1,137,435
1986	7,590,357	617,420
1985	6,686,316	446,682
1984	5,584,426	328,779
1983	4,271,854	283,622

	No. of Com. Shares ‡	Earn. per Share ‡
1987	133,300,000	$ 8.53
1986	130,800,000	4.81
1985	124,100,000	3.71
1984	114,700,000	2.87
1983	113,400,000	2.50

# Includes services and other revenues.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1987	$ 6,293,471	$ 49.87
1986	5,727,800	44.54
1985	4,554,599	38.43
1984	3,979,216	34.42
1983	3,541,282	31.42

‡ Adjusted to relfect stock split.

Income Account *
(000's)

Year ended	6/27/87	6/28/86
Net sales	$ 6,254,187	$ 5,102,961
Other income	3,135,257	2,487,396
Total revenues	$ 9,389,444	$ 7,590,357
Cost of sales	4,513,894	4,282,099
Expenses	3,263,543	2,479,549
Interest expense	45,203	88,079
Interest income	(122,149)	(116,899)
Income before taxes	$ 1,688,953	$ 857,529
Income taxes (credit)	551,518	240,109
Net Income	$ 1,137,435	$ 617,420

* Included in Costs and Expenses, Depreciation: $436,118,000 in 1987 and $384,044,000 in 1986.

Assets
(000's)

As of		6/27/87		6/28/86
Cash & temp. cash invest.	$	2,118,295	$	1,910,933
Accts. receiv., net		2,312,188		1,903,287
*Inventories		1,452,919		1,199,756
Prepaid expenses		119,193		85,274
Deferred taxes		198,465		206,998
Current Assets	$	6,201,060	$	5,306,248
#Fixed assets		2,127,294		1,867,078
Other assets		79,032		—
Total Assets	$	8,407,386	$	7,173,326

Liabilities
(000's)

Long-term debt, curr.	$	4,873	$	22,197
Accts. payable		430,575		259,565
Accrued payroll		229,623		151,160
Def. rev. & adv.		475,925		253,790
Income taxes		328,134		137,558
Other liabilities		355,375		259,265
Curr. Liabilities	$	1,824,505	$	1,083,535
Long-term debt		269,292		333,155
Deferred inc. taxes		20,118		28,809
+Common stock		130,008		128,591
Add. paid-in capital		2,352,939		2,224,304
Retained earnings		4,410,242		3,374,932
Treasury stock		(599,718)		—
Total Liabilities & Shareholders' Equity	$	8,407,386	$	7,173,326

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Revenues	17.99	11.30
%Net Income to Revenues	12.11	8.13
%Net Income to Equity	18.07	10.78
Debt to Equity	0.04	0.06
Working Capital	$ 4,376,555,000	$ 4,222,713,000
Current Ratio	3.40	4.90
Shareholders' Equity	$ 6,293,471,000	$ 5,727,827,000

Diodes Incorporated

9957 Canoga Avenue
Chatsworth, California 91311-9934
(818) 882-4920

Officers: David M. Lloyd, chairman of the board, president & chief exec. officer; Raymond Wang, v.p.; Edward Y. Gerding, v.p.-engineering; Alan B. Lees, secretary & general counsel; Lily Yu, treasurer & chief financial officer.

Directors: David Lloyd, chairman; A. F. Ottobre, Ted G. Slate, Charles A. Benak, Dorothy N. Lloyd, Philip Frey, Jr., Alan B. Lees.

Areas of Work: Manufactures and markets silicon rectifier products, including semiconductor wafers, rectifiers, zener diodes, switching and superfast diodes and rectifier assemblies.

Subsidiaries:

NAE, Inc.
69 Bennett Street
Lynn, Massachusetts
Manufactures Schottky and other semiconductor wafers and assembles associated rectifier devices.

Diodes Taiwan Company Ltd.
Taipei, Taiwan, R.O.C.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: DIO

Number of Employees:

1988	N.A.	1986	78
1987	71		

Plant Footage:

1988	N.A.	1986	56,600
1987	56,600 sq. ft.		

N.A. - Not Available.

Sales & Earnings

		Net Sales		Net Income ‡
1988	$	15,169,694	$	621,326
1987		12,287,409		(631,901)
1986		11,149,310		(415,659)
1985		12,901,961		982,110
1984		10,688,261		1,276,709

	No. of Com. Shares		Earn. per Shares ‡ +
1988	3,848,570	$	0.25
1987	2,119,129		—
1986	2,037,159		—
1985	1,937,891		0.46
1984	1,854,076		0.61

(Loss)
‡ Including extraordinary gains of $239,239 ($0.10 per share) in 1988 and $391,138 ($0.19 per share) in 1984.
+ Based on the average number of shares outstanding.

Common Stock Equity

		Total Equity		Equity Per Share
1988	$	7,058,010	$	1.83
1987		3,951,729		1.86
1986		4,522,342		2.22
1985		4,590,688		2.37
1984		3,530,293		1.90

Income Account *

Year ended April 30		1988		1987
Net sales	$	15,169,694	$	12,287,407
Cost of sales		10,482,475		8,186,297
Expenses		3,890,589		4,188,036
Litigation settle.		—		370,000
Interest expense		242,452		222,745
Interest income		(44,309)		(18,550)
Other income		(71,684)		(29,618)
Inc. (loss) bef. taxes	$	670,171	$	(631,501)
Income taxes		288,084		400
Net Income (Loss)	$	3825,087	$	(631,901)
Extraord. gain		239,239		—
Net Income (Loss) & extraord. gain	$	621,326	$	(631,901)

* Included in Costs and Expenses, Depreciation and Amortization: $241,214 in 1988 and $320,478 in 1987.

Assets

As of April 30		1988		1987
Cash	$	898,465	$	419,111
Accts. receiv., net		2,436,267		2,456,691
*Inventories		6,371,855		5,034,780
Prepaid expenses		142,242		151,325
Current Assets	$	9,848,829	$	8,061,907
#Fixed assets		1,419,273		936,855
Deferred inc. taxes		77,885		—
Other assets		122,870		143,865
Total Assets	$	11,468,857	$	9,142,627

Liabilities

Notes payable	$	950,000	$	1,692,581
Long-term debt, curr.		489,271		406,932
Accts. payable		1,243,178		1,072,117
Accruals		437,399		496,572
Income taxes pay.		83,891		—
Curr. Liabilities	$	3,203,739	$	3,668,202
Long-term oblig.		1,046,712		1,429,504
Deferred comp. payable		160,396		93,192
+ Common stock		2,677,724		1,500,288
Add. paid-in capital		3,185,141		869,583
Retained earnings		2,685,708		2,064,382
Treasury stock		(550,563)		(482,524)
Notes & stock subscrip.		(940,000)		—
Total Liabilities & Shareholders' Equity	$	11,468,857	$	9,142,627

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.66 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales		4.42		—
%Net Income to Sales		2.52		—
%Net Income to Equity		5.41		—
Sales to Inventories		2.38		2.44
Debt to Equity		0.35		0.89
Working Capital	$	6,645,090	$	4,393,705
Current Ratio		3.07		2.20
Shareholders' Equity	$	7,058,010	$	3,951,729

Dionics, Inc.

65 Rushmore Street
Westbury, New York 11590
(516) 997-7474

Officers: Bernard L. Kravitz, president; Sherman Gross, v.p., secretary & treasurer.

Directors: Bernard L. Kravitz, Sherman Gross, Solomon Berkowitz.

Areas of Work: Engaged in the development, manufacture and marketing of silicon semiconductor electronic products – both individual, discreet components and multi-component integrated circuits.

Transfer Agent(s):

American Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	45	1986	62
1987	51	1985	58

Plant Footage:

1988 .... 20,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income #
1988	$ 1,671,500	$ (856,900)
1987	2,773,100	(360,100)
1986	2,807,400	127,100
1985	3,042,900	168,100
1984	3,343,100	569,000

	No. of Com. Shares †	Earn. per Share # +
1988	3,333,578	$ —
1987	3,333,278	—
1986	3,321,658	0.04
1985	3,302,774	0.05
1984	3,199,458	0.17

(Loss)
# Including extraordinary gain of $86,000 ($0.03 per share) in 1984.
† Adjusted to reflect stock split.
+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 566,500	$ 0.17
1987	1,423,400	0.43
1986	1,821,900	0.55
1985	1,674,500	0.51
1984	1,451,000	0.45

+ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 1,671,500	$ 2,773,100
Cost of sales	1,948,000	2,377,300
Expenses	1,011,300	1,138,900
Interest expense	68,700	32,600
Other income	(14,500)	(45,200)
Insurance proceeds	(372,100)	(323,400)
Loss before taxes	$ (969,900)	$ (407,100)
Tax credit	(113,000)	(47,000)
Net Loss	$ (856,900)	$ (360,100)

* Included in Costs, and Expenses, Depreciation: $191,100 in 1988 and $177,700 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 107,800	$ 383,700
Accts. receiv., net	186,100	368,700
*Inventories	385,900	496,100
Other curr. assets	93,900	182,600
Current Assets	$ 773,700	$ 1,431,100
# Fixed assets	1,168,500	1,288,300
Deposits & other assets	92,100	12,000
Total Assets	$ 2,034,300	$ 2,731,400

Liabilities

Long-term debt, curr.	$ 148,000	$ 94,700
Accts. payable	107,400	158,700
Accruals	181,500	184,900
Curr. Liabilities	$ 436,900	$ 438,300
Long-term debt	902,600	308,900
Deferred comp.	128,300	62,000
Deferred insur. proceeds	—	385,800
Deferred taxes	—	113,000
+ Common stock	36,400	36,400
Add. paid-in capital	1,522,800	1,522,800
Retained earnings (deficit)	(704,300)	152,600
Treasury stock	(240,100)	(240,100)
Note receivable	(48,300)	(48,300)
Total Liabilities & Shareholders' Equity	$ 2,034,300	$ 2,731,400

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	4.33	5.59
Debt to Equity	1.85	0.28
Working Capital	$ 336,800	$ 992,800
Current Ratio	1.77	3.27
Shareholders' Equity	$ 566,500	$ 1,423,400

Dranetz Technologies, Inc.

(Acquired by Hawker Siddeley Group PLC, London, England, on Sept. 21, 1988)

1000 New Durham Road
Edison, New Jersey 08818
(201) 287-3680

Officers: Abraham I. Dranetz, chairman of the board & president; Irving Backinoff, sr. v.p. & secretary; Ezra Mintz, vice president; Anthony W. Orlacchio, vice president; Robert O. Wilson, vice president; Boselaw C. Biega, vice president; Joseph Martins, vice president; Joseph P. Lowrey, treasurer; Ralph Monaco, controller.

Directors: Abraham I. Dranetz, chairman; Irving Backinoff, Marianna Dranetz, Ezra Mintz, George S. Kariotis.

Areas of Work: Engaged in the conception, design, development, manufacture and marketing of precision electronic instrumentation for use in a variety of commercial, industrial, and governmental applications. Specific product areas include test equipment for phase angle measurement, test instrumentation for electric utilities, and power line monitoring equipment for data processing, communications, etc.

Subsidiaries:

Dranetz Service Corporation
Provides repair services and technical training to customers.

Alber Engineering, Inc.
Boca Raton, Florida
Manufactures specialized test and monitoring instrumentation for evaluating the condition of storage battery backup systems.

Number of Employees:

1987	292	1984	250
1986	261	1983	234
1985	250		

Plant Footage:

1987	66,600 sq. ft.	1984	60,000
1986	60,000	1983	60,000
1985	60,000		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 26,634,285	$ 2,606,634
1986	23,110,993	2,198,469
1985	25,973,110	3,635,565
1984	26,890,751	4,683,641
1983	24,827,176	3,636,220

	No. of Com. Shares ‡	Earn. per Share ‡
1987	4,777,000	$ 0.55
1986	4,762,400	0.46
1985	4,736,000	0.77
1984	4,698,300	1.00
1983	4,677,699	0.78

+ Includes other income.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.24	—	—
1986	0.21	—	
1985	0.20	—	—
1984	0.15	—	—
1983	0.05	50%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 23,577,257	$ 4.94
1986	22,000,509	4.62
1985	20,449,878	4.32
1984	17,687,618	3.76
1983	13,629,320	2.91

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 26,634,285	$ 23,110,993
Other income	632,499	1,062,355
Total income	$ 27,266,784	$ 24,173,348
Cost of sales	12,182,547	10,320,346
Expenses	11,015,161	9,886,056
Loss on discont. products	—	418,190
Income before taxes	$ 4,069,076	$ 3,548,756
Income taxes	1,462,442	1,350,287
Net Income	$ 2,606,634	$ 2,198,469

* Included in Costs and Expenses, Depreciation and Amortization: $322,585 in 1987 and $318,425 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 754,978	$ 276,360
Marketable securities	9,376,163	9,681,198
Accts. receiv., net	4,849,300	4,505,384
*Inventories	7,375,726	5,806,314
Prepaid expenses	143,392	413,616
Current Assets	$ 22,499,559	$ 20,682,872
# Fixed assets	1,106,160	1,200,263
Intangible assets	1,615,587	1,823,960
Other assets	840,536	754,132
Total Assets	$ 26,061,842	$ 24,461,227

Liabilities

Accts. payable	$ 691,151	$ 722,709
Accruals	967,719	963,726
Dividends payable	286,749	285,782
Accrued inc. taxes	51,084	—
Other curr. assets	186,982	132,501
Curr. Liabilities	$ 2,183,685	$ 2,104,718
Deferred inc. taxes	300,900	356,000
+Common stock	477,915	475,606
Add. paid-in capital	1,361,375	1,248,278
Retained earnings	21,737,967	20,276,625
Total Liabilities & Shareholders' Equity	$ 26,061,842	$ 24,461,227

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income before Taxes to Sales	15.28	15.36
%Net Income to Sales	9.79	9.51
%Net Income to Equity	11.06	9.99
Sales to Inventories	6.09	3.98
Working Capital	$ 20,315,874	$ 18,578,154
Current Ratio	10.30	9.83
Shareholders' Equity	$ 23,577,257	$ 22,000,509

Drexler Technology Corporation

2557 Charleston Road
Mountain View, California 94043
(415) 969-7277

Officers: Jerome Drexler, chairman of the board & president; Charles W. Keller, vice president; Richard M. Haddock, vice president; Steven G. Larson, v.p.-finance & treasurer; Jerald E. Rosenblum, secretary.

Directors: Jerome Drexler, chairman; Arthur H. Hausman, Eugene Kleiner, William E. McKenna, Joseph B. Arnold.

Areas of Work: Manufactures emulsion photoplates for integrated circuit manufacture; and optical memory cards for data storage.

Divisions and Subsidiaries:

Precision Photoglass, Inc.
2557 Charleston Road
Mountain View, California 94043
(415) 961-0700

LaserCard Division
2644 Bayshore Parkway
Mountain View, California 94043
(415) 969-4428

ThemeCards, Inc.
2644 Bayshore Parkway
Mountain View, California 94043

Transfer Agent(s):

Bankers Trust Company of California, N.A.
4 Albany Street, 2nd Floor
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DRXR (NASDAQ)

Number of Employees:

1989 70
1988 69
1987 206
1986 201
1985 183

Plant Footage:

1989 . . . . 104,000 sq. ft.
1988 104,000
1987 120,000
1986 120,000
1985 111,400

Sales & Earnings

	Revenues +	Net Income
1989	$ 16,215,000	$ 3,412,000
1988	3,280,000	(9,201,000)
1987	6,717,000	(5,724,000)
1986	6,219,000	(3,375,000)
1985	7,593,000	160,000

	No. of Com. Shares #	Earn. per Share #
1989	6,831,000	$ 0.50
1988	6,626,000	—
1987	6,498,000	—
1986	6,370,000	—
1985	6,294,000	0.03

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding during the year adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1989	$ 15,499,000	$ 2.27
1988	11,213,000	1.69
1987	19,054,000	2.93
1986	23,396,000	3.67
1985	26,236,000	4.17

Based on the weighted average number of shares outstanding during the year to reflect stock split.

Income Account *

Year ended Mar. 31	1988	1987
Revenues:		
Prod. sales	$ 2,159,000	$ 2,502,000
License fees	14,056,000	778,000
Total revenues	$ 16,215,000	$ 3,280,000
Cost of revenues	1,785,000	1,922,000
Expenses	8,530,000	8,045,000
Interest income	(231,000)	(223,000)
Interest expense	348,000	384,000
Inc. (loss) bef. taxes	$ 5,783,000	$ (6,848,000)
Income taxes	1,530,000	—
Inc. (loss) - cont. oper.	$ 4,253,000	$ (6,848,000)
Loss - discont. oper.	(841,000)	(2,353,000)
Net Income (Loss)	$ 3,412,000	$ (9,201,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,306,000 in 1989 and $1,506,000 in 1988.

Assets

As of Mar. 31	1989	1988
Cash	$ 9,217,000	$ 4,093,000
Accts. receiv, net	375,000	395,000
*Inventories	658,000	645,000
Other curr. assets	125,000	186,000
Net assets-discont. oper.	—	1,261,000
Current Assets	$ 10,375,000	$ 6,580,000
#Fixed assets	9,031,000	10,893,000
#Fixed assets rel. to discont. operations	—	3,325,000
Other assets	963,000	897,000
Total Assets	$ 20,369,000	$ 21,695,000

Liabilities

Long-term oblig., curr.	$ 1,001,000	$ 889,000
Accts. payable	353,000	454,000
Accrued payroll	650,000	217,000
Accruals	559,000	397,000
Inc. taxes payable	123,000	—
Net liab.-discont. oper.	674,000	2,674,000
Current Liabilities	$ 3,360,000	$ 4,631,000
Oblig.-discont. oper.	—	2,340,000
Advance payments	—	1,000,000
Long-term oblig.	1,510,000	2,511,000
+Common stock	68,000	67,000
Add. paid-in capital	21,356,000	20,483,000
Retained earnings (deficit)	(5,925,000)	(9,337,000)
Total Liabilities & Shareholders' Equity	$ 20,369,000	$ 21,695,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	0.22	—
Working Capital	$ 7,015,000	$ 1,949,000
Current Ratio	3.09	1.42
Shareholders' Equity	$ 15,499,000	$ 11,213,000

DSC Communications Corporation

1000 Colt Road
Plano, Texas 75075-5813
(214) 519-3000

Officers: James L. Donald, president & chief exec. officer; Gunnar J. Korpinen, sr. v.p.; Gerald F. Montry, sr. v.p. & chief financial officer; Christian J. Ornes, v.p. & treasurer; William R. Tempest, v.p., secretary & general counsel; Kenneth R. Vines, v.p. & controller; J. Douglas Bailey, vice president; Peter C. Waal, vice president; Gerald G. Carlton, v.p.; Jerry D. Gibson, v.p..

Directors: Clement M. Brown, Jr., Frank J. Cummiskey, James L. Donald, Robert S. Folsom, Gunnar J. Korpinen, James P. Leake, Gerald F. Montry, Clifford J. Osborn.

Areas of Work: Designs, manufactures and markets digital switching, transmission and private network system products for the telecommunications industry.

Transfer Agent(s):

NCNB Texas National Bank
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DIGI (NASDAQ)

Number of Employees:

1988 2,766
1987 2,543
1986 2,365
1985 2,450
1984 2,368

Plant Footage:

1988 . . . . . . 1,056,000 sq. ft.

Sales & Earnings

	Revenue +	Net Income †
1988	$ 339,671,000	$ 12,568,000
1987	266,332,000	18,368,000
1986	195,031,000	16,951,000
1985	174,718,000	(63,308,000)
1984	224,280,000	43,896,000

	No. of Com. Shares	Earn. per Shares † ‡
1988	39,027,000	$ 0.30
1987	39,901,000	0.44
1986	40,966,000	0.41
1985	39,774,000	—
1984	38,925,000	1.08

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $856,000 ($0.02 per share) in 1988, $3,806,000 ($0.09 per share) in 1987 and $5,913,000 ($0.14 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 215,914,000	$ 5.53
1987	210,840,000	5.28
1986	201,339,000	4.91
1985	176,033,000	4.42
1984	231,619,000	5.95

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenue	$ 339,671	$ 266,332
Cost of revenue	194,369	158,517
Expenses:		
Res. & develop.	44,990	40,137
Sell., gen. and adm.	69,026	58,185
Prov. for consolidation	1,000	—
Interest expense	7,603	11,084
Interest income	(3,068)	(4,764)
Other expense	1,386	1,032
Income before taxes	$ 24,365	$ 2,141
Income taxes	4,350	1,507
Inc. - cont. oper.	$ 20,015	$ 634
Inc. (loss) - discont. oper.	(8,303)	13,928
Net Income	$ 11,712	$ 14,562
Extraord. gain	856	3,806
Net Income & extraord. gain	$ 12,568	$ 18,368

* Included in Costs and Expenses, Depreciation and Amortization: $24,492,000 in 1988 and $21,511,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 7,211	$ 26,274
Accts. receiv., net	100,044	86,203
*Inventories	113,705	72,132
Contract develop. costs	6,915	2,795
Other curr. assets	7,235	4,744
Current Assets	$ 235,110	$ 192,148
#Fixed assets	124,668	104,046
Noncurr. receivables	32,458	24,228
Cap. software develop. costs	21,115	15,951
Net assets - discont. oper.	6,224	22,995
Other assets	9,675	8,981
Total Assets	$ 429,250	$ 368.349

Liabilities
(000's)

Notes payable	$ 3,800	$ 15,000
Long-term debt, curr.	24,480	2,474
Accts. payable	33,374	27,980
Accruals	58,711	42,677
Deferred income taxes	3.456	6,141
Curr. Liabilities	$ 123,821	$ 94,272
Long-term debt	82,754	59,828
Deferred inc. taxes	6,761	3,409
+Common stock	427	419
Add. paid-in capital	178,122	174,021
Accum. trans. adjust.	170	230
Retained earnings	64,063	51,495
Treasury stock	(26,868)	(15,325)
Total Liabilties & Shareholders' Equity	$ 429,250	$ 368,349

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	5.42	6.91
Debt to Equity	0.51	0.37
Working Capital	$ 111,289,000	$ 97,876,000
Current Ratio	1.90	2.04
Shareholders' Equity	$ 215,914,000	$ 210,840,000

Ducommun Incorporated

23301 S. Wilmington Avenue
Carson, California 90745
(213) 513-7200

Officers: Norman A. Barkeley, chairman of the board, president & chief executive officer; Donald R. Schort, sr. v.p., chief financial officer & treasurer; Kenneth R. Pearson, v.p.-human resources; James S. Heiser, general counsel & secretary; Samuel D. Williams, controller.

Directors: Norman A. Barkeley, chairman; H. Frederick Christie, Robert C. Ducommun, Edmond G. Ducommun, Charles W. Missler, Richard J. Pearson, Thomas P. Mullaney, Arthur W. Schmutz.

Divisions and Subsidiaries:

Aerochem, Inc.
1885 N. Batavia Street
Orange, California 92667
(714) 637-4401

Specialist in the field of large scale, close tolerance chemical processes for the aerospace and military/commerical aircraft industries. Chemical milling processes are used to reduce the weight of structural components while maintaining the strength.

AHF-Ducommun
Gardena, California

Uses stretch forming, thermal forming and computer-controlled machining to design and engineer aircraft and aerospace components.

Jay-El Products Inc.
Gardenia, California

Manufactures illuminated switches, switch assemblies and keyboard panels.

Transfer Agent(s):

First Interstate Bank
Los Angeles, California 90030

Stock Exchange(s): American, Pacific

Ticker Symbol: DCO

Number of Employees:

1988	990	1987	1,180

Plant Footage:

1988	662,000 sq. ft.	1986	434,200
1987	662,000		

Sales & Earnings

	Net Sales #	Net Income
1988	$ 59,812,000	$ (19,375,000)
1987	64,084,000	(18,078,000)
1986	67,973,000	(19,213,000)
1985	69,529,000	(19,685,000)
1984	59,060,000	11,060,000

	No. of Com. Shares	Earn. per Share ‡
1988	3,304,035	$ —
1987	3,304,035	—
1986	3,277,377	—
1985	3,351,479	—
1984	3,282,461	3.38

(Loss)
# Of continuing operations only.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.20	—	
1986	0.35	—	—
1985	0.80	—	—
1984	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ (9,090,000)	$ —
1987	33,768,000	10.22
1986	53,035,000	16.18
1985	73,250,000	21.86
1984	94,825,000	28.89

(Deficiency)

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 59,812	$ 64,084
Cost of sales	52,755	46,817
Expenses	15,518	13,919
Interest exp.	4,812	3,889
Loss (gain) on sale of assets	889	(3,671)
Inc. (loss) bef. taxes	$ (14,162)	$ 3,130
Income taxes	—	1,671
Inc. (loss)-cont. oper.	$ (14,162)	$ 1,459
Loss-discont. oper.	(5,213)	(20,537)
Net Loss	$ (19,375)	$ (19,078)

* Included in Costs and Expenses, Depreciation and Amortization: $7,154,000 in 1988 and $4,546,000 in 1987.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 780	$ 1,520
Trade receiv., net	8,939	14,475
*Inventories	12,223	21,779
Notes & other receiv.	133	6,881
Other curr. assets	461	875
Net assets of discont. oper.	2,073	117,906
Current Assets	$ 24,609	$ 163,436
#Fixed assets	29,432	32,860
Intangibles	3,638	6,770
Other assets	1,099	1,728
Total Assets	$ 58,778	$ 260,711

Liabilities
(000's)

Long-term debt, curr.	$	1,070	$	84,423
Accts. payable		4,163		9,385
Accruals		7,965		13,240
Curr. Liabilities	$	13,198	$	107,048
Long-term debt		15,170		23,978
Convert. subord. notes		39,500		40,000
+Common stock		6,834		6,834
Add. paid-in capital		19,879		43,362
Retained earnings (deficit)		(35,803)		(16,428)
Total Liabilities & Shareholders' Equity	$	58,778	$	204,794

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $2 par value.

Statistical Summary

Sales to Inventories		4.89		2.94
Debt to Equity		—		3.21
Working Capital	$	11,411,000	$	56,388,000
Current Ratio		1.86		1.53
Shareholders' Equity (Deficiency)	$	(9,090,000)	$	33,768,000

E.I. du Pont de Nemours & Company

1007 Market Street
Wilmington, Delaware 19898
(302) 774-1000

Officers: Richard E. Heckert, chairman of the board & chief exec. officer; Edgar S. Woolard, Jr., president & chief operating officer; H. Gordon Smyth, sr. v.p.-employee relations; John R. Malloy, sr. v.p.-external affairs; W. Earl Tatum, sr. v.p.-materials & logistics; Alexander MacLachlan, sr. v.p.-technology; John J. Quindlen, sr. v.p.-finance; John F. Schmutz, sr. v.p.-legal & general counsel; Elwood P. Blanchard, vice chairman; Colin H. Lee, group v.p.-refining, marketing, supply & transportation; H. Douglas Dahl, exec. v.p.-coal; Robert C. Forney, exec. v.p.; Robert B. Atwater, exec. v.p.-marketing, coal; C. Wes McDonald, exec. v.p.-operations, coal; Robert M. Aiken, group v.p.-petrochemicals; Nicholas Pappas, III, exec. v.p.-polymer products; James F. Kearns, exec. v.p.-fibers; William G. Karis, exec. v.p.-administration, coal; Archie W. Dunham, group v.p.-chemicals & pigments; Max G. Pitcher, group v.p.-worldwide exploration; Harry C. Sager, group v.p.-exploration, production & natural gas, North America; William K. Dietrich, group v.p.-exploration & production, international; John A. Krol, group v.p.-agricultural products; Robert v.d. Luft, group v.p.-international; John P. McAndrews, group v.p.-automotive products; Charles L. Henry, group v.p.-electronics; Mark A. Suwyn, group v.p.-imaging systems; Constantine S. Nicandros, president & chief exec. officer-Conoco Inc.; Bobby R. Brown, president & chief exec. officer-Consolidation Coal Company; Roger W. Arrington, corp. secretary; Louis R. Wonderly, secretary to executive & finance committees; Martin G. Mand, v.p. & treasurer; James W. Giggey, v.p.-corporate plans; Richard A. Stuckey, v.p. & chief economist; Bruce W. Karrh, v.p.-employee relations; John W. Himes, v.p.-employee relations; Stacey J. Mobley, v.p.-external affairs; Colbert R. Wilhite, v.p.-external affairs; Bruce A. Beardwood, v.p.-fabricated products; Ross W. Fasick, v.p.-automotive products; Jerald A. Blumberg, v.p.-international; W. Robert Clay, v.p.-international; E. Gary Cook, Jr., v.p.-medical products; Joseph A. Mollica, v.p.-medical products; Ernest R. Ruppe, v.p.-petrochemnicals; Jeffrey M. Lipton, v.p.-polymer products; Anthony J. Cardinal, v.p.-fibers; Keith E. Tucker, v.p.-pension fund investment; Earl L. Timmons, managing director & comptroller; David M. Francis, asst. general counsel; William E. MacIntyre, asst. general counsel; Howard J. Rudge, asst. general counsel; Howard E. Simmons, v.p.-central research & development; Charles D. Brown, v.p.-engineering; Raymond E. Cairns, v.p.-information systems.

Directors: Richard E. Heckert*, chairman of the board; H. Rodney Sharp, III, Robert C. Forney*, Andrew F. Brimmer, Margaret P. MacKimm, Charles L. Brown, Irenee du Pont, Jr., Edward B. du Pont, Edward R. Kane, Howard W. Johnson, Charles R. Bronfman, Edgar M. Bronfman, Dean R. McKay, Louisa C. Duemling, Constantine Nicandros*, Edward G. Jefferson, E. Leo Kolber, David G. Sacks, John L. Weinberg, A. Jean de Grandpre, Elwood P. Blanchard, Jr.*, Edgar S. Woolard, Jr..

* Member of the Executive Committee

Areas of Work: Operations are divided into the following industrial segments: biomedical products; industrial and consumer products; fibers; polymer products; agricultural and industrial chemicals; petroleum exploration; petroleum refining, marketing and transportation; and coal. Biomedical products include clinical instruments and X-ray products used in medical diagnosis; prescription pharmaceuticals; radiopharmaceuticals and radioactive tracer chemicals; and biomedical instruments used principally in research. Industrial and consumer products include photographic products and systems for printing, engineering reproduction, data recording and micrographic markets; electronic products for high-density microciruits, resistor networks and printed circuit boards; electronic connectors; chromium dioxide magnetic particles used in audio and video tapes and cassettes, and for data storage; finishes for the automotive and other industries; nonstick coatings, analytical instruments for research and industrial process monitoring; and sporting firearms and ammunition. Man-made fiber products consist of specialty fibers for apparel and home fabrics, carpeting and industrial applications. Polymer products include plastic resins, elastomers, and films and other fabricated products. Agricultural chemical operations include worldwide manufacture and sales of fungicides, herbicides and insectides for crop protection. Industrial chemicals comprise a range of such commodity and specialty products as pigments, organic chemicals, fluorochemicals, petroleum additives, mineral acids and other inorganics. Principal petroleum products include gasoline, jet fuel, diesel fuel, heating oil, fuel oil, asphalt, petroleum coke, natural gas, liquids and chemical feedstocks.

Industrial Departments:

Medical Products Department
Fabricated Products Department
Chemical and Pigments Department
Petrochemicals Department
International Department
Electronics Department
Polymer Products Department
Fibers Department
Agricultural Products Department
Imaging Systems Department
Automotive Products Department

Subsidiaries:

Du Pont Energy Company

Conoco Inc.

Remington Arms Company, Inc.
Wilmington, Delaware

Du Pont Taiwan Ltd.
Taipei, Taiwan

Du Pont (Australia) Limited
Sydney, Australia

Du Pont (New Zealand) Ltd.
New Zealand

Du Pont, S.A. de C.V.
Mexico, D.F., Mexico

Conoco (U.K.) Limited
London, England

Du Pont de Colombia, S.A.
Bogota, Colombia

Du Pont de Nemours (Belgium)
Brussels, Belgium

Brandywine Assurance Company Ltd.
Bermuda

Du Pont de Nemours (Deutschland) GmbH
Dusseldorf, Germany

Du Pont de Nemours International S.A.
Carouge, (Geneva), Switzerland

Du Pont de Nemours Italiana S.p.A.
Milan, Italy

Du Pont de Nemours (Luxembourg) S.A.
Contern, Luxembourg

Du Pont Photolux, S.A.
Luxembourg

Du Pont de Nemours (Nederland) B.V.
Dordrecht, Netherlands

Dupont Iberica, S.A.
Spain

Du Pont Scandinavia A.B.
Marsta, Sweden

Du Pont de Venezuela C.A.
Caracas, Venezuela

Du Pont do Brasil S.A.
Sao Paulo, Brazil

Du Pont Far East Inc.
Wilmington, Delaware

Du Pont de Nemours (France) S.A.
Paris, France

Du Pont Japan Limited
Japan

Du Pont (Singapore) Electronics Pvt., Ltd.
Singapore

Acquisition(s):

Consolidation Coal Company
Pittsburgh, Pennsylvania

Affiliated Companies:

La Domincia, S.A. de C.V. (49% owned)
Mexico, D.F., Mexico

Du Pont Canada, Inc. (75.67% owned)
Montreal, Quebec, Canada

Du Pont Mitsui Fluorochemicals Company, Ltd. (50% owned)
Tokyo, Japan

Du Pont Mitsui Polychemicals Company, Ltd. (50% owned)
Tokyo, Japan

Du Pont Showa Denko Co., Ltd. (50% owned)
Tokyo, Japan

Tetraeilo de Mexico, S.A. (40% owned)
Mexico, D.F., Mexico

Dupont-Toray Co. Ltd. (50% owned)
Tokyo, Japan

Quimica Fluor, S.A. de C.V. (32.9% owned)
Mexico

Nylon de Mexico, S.A. (40% owned)
Mexico

Butachimie (50% owned)
France

Transfer Agent(s):

E.I. du Pont de Nemours & Company
Finance Department
Nemours Building
10th & Orange Streets
Wilmington, Delaware

Mailing Address:

1007 Market Street
Wilmington, Delaware 19898

Stock Exchange(s): New York

Ticker Symbol: DD

Number of Employees:

1988	140,949	1985	146,017
1987	140,145	1984	157,783
1986	141,268		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 32,917,000	$ 2,190,000
1987	30,468,000	1,786,000
1986	27,148,000	1,538,000
1985	29,483,000	1,118,000
1984	30,559,000	1,431,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	239,298,000	$ 9.11
1987	240,216,000	7.39
1986	240,527,000	6.35
1985	240,354,000	4.61
1984	239,482,000	5.93

‡ Based on the average number of common shares outstanding.

Revenues By Line of Business
(millions)

	1988	1987
Petroleum	$ 11,552	$ 11,097
Coal & minerals	1,757	1,770
Agricultural & industr. chemicals	4,701	3,979
Polymer prods.	4,267	3,811
Fibers	5,749	5,261
Industr. & cons. prods.	3,961	3,284
Biomedical prods.	1,330	1,266
Total	$ 32,917	$ 30,468

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 3.70	—	—
1987	3.30	—	
1986	3.05	—	—
1985	3.00	—	—
1984	2.90	—	—

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share
1988	$ 15,343,000	$ 64.08
1987	14,007,000	58.65
1986	13,137,000	54.74
1985	12,422,000	51.62
1984	11,996,000	50.06

‡ After allowing for preferred stock at stated values.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 32,917,000	$ 30,468,000
Other income	425,000	324,000
Total income	$ 33,342,000	$ 30,792,000
Cost of sales	18,457,000	17,150,000
Expenses	3,065,000	2,716,000
Deprec., deplet. & amort.	2,216,000	2,225,000
Explor. expenses	468,000	459,000
Res. & develop. expenses	1,319,000	1,223,000
Interest expense	428,000	435,000
Taxes	3,578,000	3,085,000
Gains from sales of businesses	(13,000)	(161,000)
Inc. before taxes	$ 3,824,000	$ 3,660,000
Inc. taxes	1,634,000	1,874,000
Net Income	$ 2,190,000	$ 1,786,000

Assets
(000's)

As of Dec. 31	1988	1987
Cash & marketable securities	$ 603,000	$ 741,000
Accts. & notes receiv., net	4,815,000	4,391,000
*Inventories	4,467,000	4,342,000
Prepaid expenses	353,000	479,000
Current Assets	$ 10,238,000	$ 9,953,000
*Investments	628,000	541,000
#Fixed assets	17,221,000	15,854,000
Other assets & investments	2,632,000	1,861,100
Total Assets	$ 30,719,000	$ 28,209,000

Liabilities
(000's)

Short-term borrowings	$ 2,075,000	$ 1,641,000
Accts. payable	2,540,000	2,422,000
Accruals	1,872,000	1,689,000
Income taxes	209,000	388,000
Curr. Liabilities	$ 6,696,000	$ 6,140,000
Long-term debt	3,158,000	3,018,000
Cap. lease oblig.	74,000	84,000
Other liabilities	2,203,000	1,827,000
Minority interest	109,000	95,000
Deferred inc. taxes	2,899,000	2,801,000
+Preferred stock:		
$4.50 series	167,000	167,000
$3.50 series	70,000	70,000
++Common stock	399,000	398,000
Add. paid-in capital	4,595,000	4,555,000
Retained earnings	10,349,000	9,054,000
Total Liabilities & Shareholders' Equity	$ 30,719,000	$ 28,209,000

* Valued at LIFO cost.
# Less accumulated depreciaton and obsolescence.
+ No par value; cumulative.
++ $1.66 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.62	12.01
%Net Income to Sales	6.65	5.86
%Net Income to Equity	14.06	12.54
Sales to Inventories	7.37	7.02
Debt to Equity	0.34	0.21
Working Capital (000's)	$ 3,542,000	$ 3,813,000
Current Ratio	1.53	1.62
Shareholders' Equity (000's)	$ 15,580,000	$ 14,244,000

Dynamics Corporation of America

475 Steamboat Road
Greenwich, Connecticut 06830
(203) 869-3211

Officers: Andrew Lozyniak, chairman of the board & president; Edward J. Mooney, vice chairman of the board, v.p. & secretary; Henry V. Kensing, v.p. & general counsel; Patrick J. Dorme, v.p.-finance & chief financial officer; Richard E. Smith, treasurer; M. Gregory Bohnsack, controller.

Directors: Frank A. Gunther, Henry V. Kensing, Andrew Lozyniak, Cartis T. Roff, Edward J. Mooney, Saul Sperber, Harold Cohan, Patrick J. Dorme.

Area of Work: Operations are divided into three industry segments: electrical appliances and electronic devices; fabricated metal products and equipment; and power and controlled environmental systems.

Divisions:

Anemostat Products
888 North Keyser Avenue
Scranton, Pennsylvania 18504-9723
(717) 346-6586

Designs, manufactures and markets a broad line of air distribution equipment with both pneumatic and electronic controls to meet the need for total environmental control in laboratories, industrial buildings, commercial buildings, and air distribution in aircraft, marine and rail equipment.

Fermont
141 North Avenue
Bridgeport, Connecticut 06606-5195
(203) 366-5211

Manufactures standby and prime power generator sets, control systems, switchgear, power vans, special purpose trailers and accessories for use by the government, prime contractors and commercial business.

Ellis and Watts
4400 Glen Willow Lake Lane
P.O. Box 44010
Cincinnati, Ohio 45244-0010
(513) 891-8000

Air and liquid special cooling and temperature control devices, dehydrators, fluid transfer units, air handling equipment, special fans, and electronic trailers for government industrial and power use.

Reeves-Hoffman
400 West North Street
Carlisle, Pennsylvania 17013-2248
(717) 243-5929

Manufactures quartz crystal products, primarily crystal units, blanks, filters and oscillators for frequency controlled applications in weapons, radar, data transmission and telecommunication systems and hermetic seal packages that are used in the hybrid micro-electronic industry for both consumer and high reliability military electronic integrated circuits.

Waring Products
283 Main Street
New Hartford, Connecticut 06057-0319
(203) 379-0731

Manufactures commercial and consumer portable electrical appliances such as the original blender, mixers, can openers, food slicers, food processors, juicers, coffee preparation products, ice cream makers and food dehydrators.

Subsidiary:

International Electronic Research Corporation
135 West Magnolia Boulevard
Burbank, California 91510-7704
(213) 849-2481

Manufactures board mounted and extruded semiconductor heat sinks/dissipators, Zero Insertion Force circuit board retainers, high performance card cages, cold walls, enclosures, tube shields and other thermal packaging components.

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: DYA

Dynamics Corporation of America

Number of Employees:

1988	1,693	1985	1,900
1987	1,719	1984	1,919
1986	1,683		

Plant Footage:

1988	1,114,000 sq. ft.	1986	1,114,000
1987	1,114,000		

Sales & Earnings

	Net Sales +	Net Income ‡
1988	$ 127,288,000	$ 5,026,000
1987	120,789,000	3,776,000
1986	139,223,000	1,076,000
1985	138,811,000	15,807,000
1984	123,166,000	8,209,000

	No. of Com. Shares †	Earn. per Share ‡ †
1988	4,044,561	$ 1.24
1987	4,135,459	0.91
1986	4,164,870	0.26
1985	4,269,642	3.70
1984	4,339,118	1.89

+ Of continuing operations only.
‡ Including extraordinary gains of $100,000 ($0.02 per share) in 1987 and $617,000 ($0.15 per share) in 1986.
† Based on the average number of common shares outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Electrical appliances & electronic devices	$ 54,896	$ 50,806
Fabricated metal products & equipment	20,656	19,137
Power & controlled environmental systems	51,736	50,846
Total	$ 127,288	$ 120,789

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.20	—	—
1987	0.20	—	
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 94,338,000	$ 23.32
1987	89,523,000	21.65
1986	88,889,000	21.34
1985	91,128,000	21.34
1984	76,852,000	17.71

† Based on the average number of common shares outstanding.

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 127,288	$ 120,789
Cost of sales	95,201	90,287
Expenses	29,525	28,914
Other income	(8,066)	(1,713)
Income before taxes	$ 10,628	$ 3.301
Income taxes	3,575	1,110
Eq. in loss (inc.) from cont. oper. of CTS Corp.	1,706	(1,485)
Inc.-cont. oper.	$ 5,347	$ 3,676
Loss-discont. oper.	(321)	—
Net Income	$ 5,026	$ 3,676
Extraord. gain	—	100
Net Income & extraord. gain	$ 5,026	$ 3,776

* Included in Costs and Expenses, Depreciation and Amortization: $1,700,000 in 1988 and $1,674,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 7,234	$ 3,775
Marketable securities	18,670	17,265
Accts. receiv, net	21,763	18,336
*Inventories	27,890	23,372
Other current assets	11,559	11,928
Def. income taxes	326	976
Current Assets	$ 87,442	$ 75,652
#Fixed assets	6,473	6,419
Eq. invest. in CTS Corp.	51,970	53,403
Patent award	—	13,835
Other assets	3,558	3,238
Deferred inc. taxes	150	--
Total Assets	$ 149,593	$ 152,547

Liabilities
(000's)

Long-term debt, curr.	$ 389	$ 2,417
Accts. payable	4,246	2,739
Accruals	28,076	30,442
Income taxes	3,676	1,709
Curr. Liabilities	$ 36,387	$ 37,307
Long-term debt	18,868	19,183
Deferred incme taxes	—	6,534
+Common stock	404	403
Add. paid-in capital	11,198	11,007
Retained earnings	83,606	79,481
Subs. receiv. & def. compens.	(870)	(1,368)
Total Liabilities & Shareholders' Equity	$ 149,593	$ 152,547

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.73
%Net Income to Sales	—	3.04
%Net Income to Equity	5.33	4.11
Sales to Inventories	4.56	5.17
Debt to Equity	0.20	0.24
Working Capital	$ 51,055,000	$ 38,345,000
Current Ratio	2.40	2.03
Shareholders' Equity	$ 94,338,000	$ 89,523,000

Dynamics Research Corporation

60 Concord Street
Wilmington, Massachusetts 01887
(508) 658-6100

Officers: John S. Anderegg, Jr., chairman of the board; Albert Rand, president, chief exec. officer & gen. mgr.-Systems Division; Joseph J. Bakewell, v.p. & gen. mgr.-Metrigraphics Division; John L. Wilkinson, v.p.-human resources; Chester Ju, v.p. & gen. mgr.-Encoder Division; James F. Pablo, v.p.-finance, chief financial officer & treasurer; Thomas P. Graham, controller; David C. Proctor, asst. treasurer; John R. D. McClintock, clerk; Nancy M. Bodenstein, assistant clerk.

Directors: John S. Anderegg, Jr., chairman; Thomas J. Troup, Sims McGrath, Francis J. Aguilar, Albert Rand.

Areas of Work: The Company's Defense segment is involved in the development and operation of data gathering, analysis, planning and management systems for major weapon programs of the Department of Defense. The Commercial segment manufactures digital encoders that precisely measure position and control motion in electromechanical equipment, manufactures electro-optical discs, scales and reticles which are used for precision measurement, and components for non-impact print heads and printers.

Divisions:

Encoder Division
Metrigraphics Division
Systems Division
Test Equipment Division

Subsidiary:

DRC International Corporation
A domestic international sales corporation (DISC).

Transfer Agent(s):

American Stock Transfer & Trust Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DRCO (NASDAQ)

Number of Employees:

1988	1,205	1985	1,003
1987	1,236	1984	899
1986	1,041		

Plant Footage:

1988	332,000 sq. ft.	1986	282,000
1987	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales †	Net Income
1988	$ 92,911,000	$ 4,069,000
1987	91,501,000	3,728,000
1986	75,192,000	2,456,000
1985	62,320,000	153,000
1984	47,863,000	1,510,000

	No. of Com. Shares +	Earn. per Share #
1988	5,044,230	$ 0.81
1987	5,028,538	0.74
1986	5,028,538	0.49
1985	5,028,538	0.44
1984	5,028,538	0.39

† Including contract revenues; of continuing operations only.
+ Adjusted to reflect stock dividends.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1988	1987
Contract revenues	$ 82,368,000	$ 82,018,000
Product sales	10,543,000	9,483,000
Total	$ 92,911,000	$ 91,501,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	25%	
1986	—	25%	—
1985	—	25%	—
1984	0.02	5%&25%	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 20,175,000	$ 4.00
1987	16,043,000	3.19
1986	12,320,000	2.45
1985	9,868,000	1.96
1984	9,719,000	1.93

+ Adjusted to reflect stock dividends.

Income Account *

Year ended	12/31/88	12/26/87
Net sales & revenues	$ 92,911,000	$ 91,501,000
Cost of sales	73,012,000	73,058,000
Expenses	12,799,000	11,985,000
Interest expense	495,000	35,000
Income before taxes	$ 6,605,000	$ 6,423,000
Income taxes	2,536,000	2,695,000
Net Income	$ 4,069,000	$ 3,728,000

* Included in Cost and Expenses, Depreciation and Amortization: $1,611,000 in 1988 and $2,024,000 in 1987.

Assets

As of	12/31/88	12/26/87
Cash	$ 274,000	$ 194,000
Receiv., net	15,731,000	22,434,000
Unbilled fees	14,906,000	5,626,000
*Inventories	1,869,000	1,627,000
Refund. inc. taxes	2,400,000	—
Prepaid expenses	825,000	986,000
Current Assets	$ 36,005,000	$ 30,867,000
#Fixed assets	5,221,000	5,470,000
Total Assets	$ 41,226,000	$ 36,337,000

Liabilities

Notes payable	$ 6,900,000	$ 6,625,000
Accts. payable	2,987,000	4,284,000
Accrued payroll	3,265,000	3,346,000
Deferred contract revenue	2,477,000	2,151,000
Other accruals	563,000	1,071,000
Deferred inc. taxes	4,286,000	799,000
Accrued taxes	—	1,846,000
Curr. Liabilities	$ 20,478,000	$ 20,122,000
Deferred inc. taxes	573,000	172,000
+ Common stock	504,000	503,000
Add. paid-in capital	6,851,000	6,789,000
Retained earnings	12,820,000	8,751,000
Total Liabilities & Shareholders' Equity	$ 41,226,000	$ 36,337,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	7.11	7.02
%Net Income to Revenues	4.38	4.07
%Net Income to Equity	20.17	23.24
Debt to Equity	0.34	0.41
Working Capital	$ 15,527,000	$ 10,745,000
Current Ratio	1.76	1.53
Shareholders' Equity	$ 20,175,000	$ 16,043,000

Dynascan Corporation

6460 W. Cortland Street
Chicago, Illinois 60635
(312) 889-8870

Officers: Carl Korn, chairman; Jerry Kalov, president & chief exec. officer; David T. Allen, v.p.-finance, chief financial officer, secretary & treasurer; Fred N. Hackendahl, v.p. & president-Marantz Company, Inc.; J. Dennis Burke, v.p. & president-Cobra Electronics Group; James S. Twerdahl, v.p..

Directors: Samuel B. Horberg, Carl Korn, James L. Marovitz, Ronald Cramer, Harold D. Schwartz, Jerry Kalov, Ford Pearson.

Areas of Work: Designs, imports und markets two-way citizens-band radios, cordless and wired telephones, telephone answering systems, radar detectors, scanners, facsimile machines, "Marantz" and "Lloyd's" audio, and "Marantz" audio/video electronic products.

Divisions and Subsidiaries:

Cobra Electronics Group
6500 West Cortland Street
Chicago, Illinois 60635
(312) 889-8870

Cobra Telecommunications
Markets corded and cordless telephones, answering machines, and facsimile machines.

Cobra Personal Communications Products
Markets CB radios, radar detectors and scanners.

Marantz Company, Inc.
20525 Nordoff Street
Chatsworth, California 91311
(818) 998-9333
Designs, distributes and markets audio and audio/video products including receivers, tuners, amplifiers, turntables, loudspeakers, cassette decks, compact disc players, television monitors, and videocassette recorders.

Dynascan Asia Ltd.
401 Iwami Building 4-2-1 Iidabashi
Chiyoda-ku
Tokyo 102, Japan

Acquisition:

Lloyd's Electronics, Inc.
200 Clearview Road
Edison, New Jersey 08818
(201) 225-2030
Designs and markets clock radios, personal and portable stereos and compact audio systems.

Transfer Agent(s):

Continental Bank N.A.
30 North LaSalle Street
Chicago, Illinois 60697

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DYNA (NASDAQ)

Number of Employees:

1988 . . . . 408 1987 386

Plant Footage:

1988 . . . . 470,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 213,821,000	$ 7,247,000
1987	191,569,000	8,067,000
1986	121,978,000	6,083,000
1985	103,747,000	138,000
1984	100,010,000	(16,042,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1988	6,999,000	$ 1.04
1987	7,162,000	1.13
1986	7,101,000	0.86
1985	6,842,000	0.02
1984	6,827,000	—

(Loss)
‡ Based on the average number of share outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	3%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 49,618,000	$ 7.64
1987	45,544,000	6.64
1986	37,488,000	5.48
1985	31,374,000	4.61
1984	31,236,000	4.59

‡ Adjusted to reflect stock dividend and stock split.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 213,821,000	$ 191,569,000
Cost of sales	161,617,000	141,621,000
Expenses	36,245,000	34,445,000
Interest expense	3,174,000	3,186,000
Prof. sh. plan	850,000	579,000
Other income	(145,000)	(398,000)
Inc. bef. taxes	$ 12,080,000	$ 12,136,000
Income taxes	4,833,000	5,539,000
Inc. - cont. oper.	$ 7,247,000	$ 6,597,000
Inc. - discont. oper.	—	1,470,000
Net Income	$ 7,247,000	$ 8,067,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,606,000 in 1988 and $1,115,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 5,103,000	$ 3,944,000
Receiv., net	42,641,000	37,361,000
*Inventories	39,273,000	27,566,000
Prepaid expenses	6,451,000	5,978,000
Inc. tax receiv.	—	1,956,000
Current Assets	$ 93,468,000	$ 76,805,000
#Fixed assets	8,746,000	7,468,000
Intangibles	8,140,000	8,972,000
Other assets	4,786,000	3,857,000
Total Assets	$ 115,140,000	$ 97,102,000

Liabilities

Note payable	$ 4,000,000	$ 4,033,000
Accts. payable	7,280,000	5,161,000
Accrued payroll	3,256,000	4,001,000
Accrued adv. costs	3,343,000	4,046,000
Accrued prod. warr. costs	1,838,000	1,800,000
Other accruals	3,933,000	4,837,000
Curr. Liabilities	$ 23,650,000	$ 23,878,000

Deferred inc. taxes	8,706,000	4,680,000
Long-term notes payable	32,737,000	23,000,000
Other liabilities	429,000	—
+ Common stock	2,345,000	2,345,000
Add. paid-in capital	23,296,000	23,296,000
Retained earnings	27,451,000	20,204,000
Treasury stock	(3,474,000)	(301,000)
Total Liabilities & Shareholders' Equity	$ 115,140,000	$ 97,102,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.33 1/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.65	—
%Net Income to Sales	3.39	—
%Net Income to Equity	14.61	17.71
Sales to Inventories	5.44	6.95
Debt to Equity	0.74	0.50
Working Capital	$ 69,818,000	$ 52,927,000
Current Ratio	3.95	3.22
Shareholders' Equity	$ 49,618,000	$ 45,544,000

Dynatech Corporation

3 New England Executive Park
Burlington, Massachusetts 01803
(617) 272-6100

Officers: Warren M. Rohsenow, chairman; J. P. Barger, president & chief exec. officer; John F. Reno, exec. v.p. & chief operating officer; R. Claude Olier, group v.p.; William W. Welsh, Jr., group v.p.; Dorothy G. Cooley, v.p.; Terence F. Kelly, group v.p.; John A. Powers, v.p.; Joseph A. Sciulli, v.p.; James R. Turner, v.p.; Edward T. O'Dell, Jr., secretary; Vera B. Durling, asst. secretary; Robert H. Hertz, chief financial officer & treasurer; John C. Maag, corp. controller.

Directors: Warren M. Rohsenow, chairman; J. P. Barger, James B. Hangstefer, Theodore Cohn, Warren A. Law, Richard K. Lochridge, Paula Stern.

Areas of Work: Communications Products include specialized products and systems used in network management (monitoring, switching and performance measurement); protocol converters and packet switching equipment (PAD, switches); gateways between private and public networks; software products for point-of-sale data collection and pharmacy management; telephone headsets; two-way radio communications products; radar detectors; high-end audio amplifiers; high-frequency rf amplifiers and microwave components; test instruments; power conditioning and microcomputer accessory products; high-resolution monitors for simulators, high-end CAD systems and scientific instruments; aircraft video information systems; diagnostic instruments used in the design, installation and maintenance of digital communications networks; high-speed digital word generators and bus analyzers for the test/simulation of military computers, communications and avionics systems; products used in the control and automation of video facilities; video graphics and animation systems; newsroom management systems; high-speed super microcomputers and expansion boards; and thunderstorm sensors.

Medical and Diagnostic Products include systems, subsystems and disposables for immunological and microbiological testing of human and animal blood products and for testing of industrial products such as foods; image analysis systems using optical and computer technology to determine response of tumors to chemotherapeutic drugs; radiation therapy treatment planning systems; and test and safety equipment for biomedical, diagnostic and life support instruments.

Scientific Instruments include precision automotive diagnostic equipment used in the servicing and repair of engine malfunctions and failures of on-board electronic systems; automatic precision sampling injectors and precision syringes; semiconductor test handling equipment for high-speed insertion of semiconductor devices into automatic test equipment; and programmable signal conditioning and recording equipment for very-high-speed transient events, such as vehicle crash testing and blast wave monitoring.

Divisions and Subsidiaries:

Trigon/Adcotech
Milpitas, California

Lighting Location & Protection, Inc.
Tuscon, Arizona

Dynatech Precision Sampling Corp.
Baton Rouge, Louisiana

LEA Dynatech Inc.
Santa Fe Springs, California

Sensors, Inc.
Saline, Michigan

Dynatech Laboratories, Incorporated
Chantilly, Virginia

Dynatech Nevada, Inc.
Carson City, Nevada

Dynatech Medical Products Ltd.
Guernsey, Channel Islands

Computerized Medical Systems, Inc.
Maryland Heights, Missouri

MaproTec GmbH
Ludwigsburg, West Germany

Dynatech Communications, Inc.
Woodbridge, Virginia

Dynatech Microwave Technology, Inc.
Calabasas, California

Dynatech NewStar
Madison, Wisconsin

Whistler Corporation
Westford, Massachusetts

Unex
Westford, Massachusetts

Telecommunications Techniques Corporation
Germantown, Maryland

Dynatech Computer Systems
Mountain View, California

Bradley Telcom Corporation
Leonia, New Jersey

TeleInformatique
Saint-Cloud, France

Dynatech Data Communications, Ltd.
Guernsey, Channel Islands

Dynatech Electro-Optics Corporation
San Luis Obispo, California

Pacific Instruments, Inc.
Concord, California

Trontech, Inc.
Neptune, New Jersey

XKD Corporation
Los Gatos, California

Interface Technology, Inc.
Glendora, California
Manufactures and markets digital electronics test instruments.

Cybermation Ltd.
St. Albans, Hertfordshire, England

Digital Technology, Inc.
Dayton, Ohio

Innovative Electronics, Inc.
Miramar, Florida

Dynatech Tactical Communications, Inc.
Westford, Massachusetts

Utah Scientific, Inc.
Salt Lake City, Utah

Quanta Corporation
Salt Lake City, Utah

ColorGraphics Systems, Inc.
Madison, Wisconsin

Piiceon, Inc.
San Jose, California
Manufactures peripheral and upgrade products for microcomputers.

Threshold, Inc.
Auburn, California
Manufactures solid state power amplifiers and preamplifiers.

ComCoTec, Inc.
Burr Ridge, Illinois
Manufactures software products for the pharmacy and retail service industries.

Asinc, Inc.
Tustin, California
Manufactures passenger cabin video information systems for airlines.

La Fontaine & Company KG
Karlsruhe, West Germany
Manufactures injection-molded plastic medical products.

Micro Processor Systems, Inc.
Sterling Heights, Michigan
Manufactures and sells electronic test and diagnostic equipment for use in automotive assembly plants, dealerships and aftermarket repair facilities.

Overseas Sales Companies:

Dynatech, A.G.
Zug, Switzerland

Dynatech Produkte, A.G.
Embrach-Embraport, Switzerland

Dynatech Laboratories Ltd.
Billingshurst, West Sussex, England

Laboratoire Dynatech S.A.R.L.
Marnes la Coquette, France

Dynatech Deutschland GmbH
Denkendorf, West Germany

Dynatech Communications GmbH
Friedrichsdorf, West Germany

Dynatech Broadcast Group, Ltd.
Kingsclere, England

Dynatech Communications A/S
Oslo, Norway

Dynatech Communications Svenska A.B.
Taby, Sweden

Dynatech Communications S.A.R.L.
Saint-Cloud, France

Dynatech Japan, Inc.
Tokyo, Japan

Test Instruments France
Saint-Cloud, France

Dynatech Communications S.R.L.
Milan, Italy

Dynatech Systems Ltd.
Waltham Cross, Hertfordshire, England

Dynatech Communications Ltd.
Waltham Cross, Hertfordshire, England

Dynatech Hong Kong Ltd.
Wanchai, Hong Kong

Sensors Europe GmbH
Dusseldorf, West Germany

Techalog Data Systems Ltd.
Croyden, Surrey, England

Techalog Ireland Ltd.
County Meath, Ireland

Dynatech Communications Ltd.
Scarborough, Ontario, Canada

Quanta International
Aalsmeer, Netherlands

Acquisitions:

Alta Group, Inc.
San Jose, California
Manufactures video products and equipment for the corporate and industrial markets.

Integrated Health Systems, Inc.
San Diego, California
Develops, markets and installs software products for the healthcare industry.

Parallax Graphics, Inc.
Santa Clara, California
Manufactures graphics and video board products.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DYTC (NASDAQ)

Number of Employees:

1989	2,892	1986	2,550
1988	3,060	1985	2,400
1987	3,100		

Plant Footage:

1989 .... 1,097,600 sq. ft.

Sales & Earnings‡

	Net Sales	Net Income
1989	$ 399,509,000	$ 18,585,000
1988	374,091,000	25,468,000
1987	320,582,000	24,575,000
1986	281,515,000	21,526,000
1985	239,310,000	19,739,000

	No. of Com. Shares	Earn. per Share #
1989	11,128,064	$ 1.53
1988	12,312,406	2.07
1987	12,267,544	2.01
1986	12,176,493	1.78
1985	N.A.	1.71

N.A. - Not Available.
‡ Restated to include operations of companies acquired on a pooling of interests basis.
# Based on the weighted average number of shares outstanding.

Revenues by Line of Business

	1989	1988
Communications prods.	$ 280,178,000	$ 258,203,000
Scientific instruments	68,393,000	68,345,000
Diagnostic prods.	50,938,000	47,543,000
Total	$ 399,509,000	$ 374,091,000

Common Stock Equity†

	Total Equity	Equity Per Share
1989	$ 148,059,000	$ 13.31
1988	154,028,000	12.51
1987	126,170,000	10.28
1986	98,171,000	8.06
1985	73,029,000	6.27

† Restated.

Income Account *
(000's)

Year ended March 31	1989	1988‡
Net sales	$ 399,509	$ 374,091
Cost of sales	192,060	172,764
Expenses	131,723	123,396
Prod. develop. exp.	39,163	35,257
Interest expense	2,410	2,876
Other income	(722)	(317)
Unusual items	5,313	1,970
Income before taxes	$ 29,562	$ 38,145
Income taxes	10,977	12,677
Net Income	$ 18,585	$ 25,468

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $17,454,000 in 1989 and $14,859,000 in 1988.

Assets
(000's)

As of March 31	1989	1988‡
Cash & cash equiv.	$ 26,071	$ 26,540
Accts. receiv., net	72,595	70,200
*Inventories	73,576	72,971
Other curr. assets	7,152	10,018
Current Assets	$ 179,394	$ 179,729
#Fixed assets	37,673	37,493
Intangibles	44,946	38,602
Other assets	1,877	1,853
Total Assets	$ 263,890	$ 257,677

Liabilities
(000's)

	1989	1988‡
Long-term debt, curr.	$ 7,051	$ 7,089
Accts. payable	20,791	17,713
Accrued profit sharing	1,593	2,577
Accrued commissions	3,042	2,548
Accrued payroll	9,868	9,124
Other accruals	14,583	12,499
Income taxes	1,272	3,130
Curr. Liabilities	$ 58,200	$ 54,680
Long-term debt	55,321	43,907
Def. inc. taxes	2,310	5,062
+ Common stock	2,472	2,463
Add. paid-in capital	9,152	8,168
Retained earnings	155,777	137,192
Cum. for. curr. trans.	3,527	6,205
Treasury stock	(22,869)	—
Total Liabilities & Shareholders' Equity	$ 263,890	$ 257,677

‡ Restated.
* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

	1989	1988
%Income bef. Taxes to Sales	7.40	10.20
%Net Income to Sales	4.65	6.81
%Net Income to Equity	12.55	16.53
Sales to Inventories	5.43	5.13
Debt to Equity	0.42	0.33
Working Capital	$ 121,194,000	$ 125,049,000
Current Ratio	3.08	3.29
Shareholders' Equity	$ 148,059,000	$ 154,028,000

Dyncorp

2000 Edmund Halley Drive
Reston, Virginia 22091
(703) 264-0330

Officers: Herbert S. Winokur, Jr., chairman of the board; Daniel R. Bannister, president & chief exec. officer; James H. Duggan, exec. v.p. & chief operating officer; David L. Reichardt, sr. v.p. & general counsel; T. Eugene Blanchard, sr. v.p. and chief financial officer; Gerald A. Dunn, v.p. & controller; Arnold Toivonen, v.p.-government services; Richard A. Hutchinson, treasurer; James Stuart, v.p.-risk management; H. Montgomery Hougen, corporate secretary and deputy general counsel; Robert G. Wilson, v.p. & gen'l auditor.

Directors: Herbert S. Winokur, Jr., chairman; T. Eugene Blanchard, Jorge Carnicero, James H. Duggan, Dudley C. Mechum, II, Merlon F. Richards, Sterling D. Colton, D.R. Bannister, Edwin K. Hoffman.

Areas of Work: The Company offers technical services of a diverse and specialized nature to industries, institutions and government. Technical services include R&D and aviation and weapons support services for the Department of Defense; logistics support and management information processing for the military; radar systems for the U.S. Air Force and Navy; Communications, navigation, Sonar, and weapons systems for the U.S.Navy; simulator/training device operation and instruction services; microwave voice and data communication systems installation and integration; and ground handling and aircraft maintenance, repair and fueling services. The Company is also involved in computer component and telecommunications equipment repair.

Operating Groups:

Technical Services Group
Provides diversified technical, scientific, and support services for both military and civil aviation.

DynAir

DynAir Avionics
Miami, Florida

DynAir CFE Services, Inc.
Norfolk, Virginia

Heli-Dyne Systems, Inc.
Fort Worth, Texas

DynAir Tech of Florida, Inc.
Miami, Florida

DynAir Services, Inc.
Reston, Virginia

CFE Equipment Corporation
Norfolk, Virginia

DynAir Fueling, Inc.
Reston, Virginia

DynAir Tech of Arizona, Inc.
Phoenix, Arizona

Government Services

Applied Technology Operations
Albuquerque, New Mexico

Aerospace Operations Division
Fort Worth, Texas

PAC ORD
San Diego, California

Support Services
Reston, Virginia

System Services Division
Reston, Virginia

DynService Network
Hayward, California
The Company's independent computer component and telecommunications repair group.

Transfer Agent(s):

First RepublicBank Corp.
Corporate Trust Division
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): New York

Ticker Symbol: DYN

Number of Employees:

1987	N.A.	1984	13,000
1986	15,000	1983	11,000
1985	13,000		

N.A.-Not Available

Sales & Earnings

	Revenues +	Net Income ‡
1987	$ 524,147,000	$ 2,462,000
1986	415,868,000	13,112,000
1985	338,227,000	3,291,000
1984	251,921,000	12,043,000
1983	226,602,000	10,276,000

	No. of Com Shares †	Earn. per Share † ‡
1987	10,773,000	$ 0.23
1986	10,380,000	1.26
1985	9,512,000	0.34
1984	9,808,000	1.23
1983	9,358,000	1.10

+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.
‡ Including extraordinary loss of $4,500,000 ($0.42 per share) in 1987.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.31	—	—
1986	0.27	—	
1985	0.27	—	—
1984	0.25	—	—
1983	0.25	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1987	$ 126,935,000	$ 11.78
1986	128,250,000 ‡	12.36
1985	103,689,000 ‡	10.90
1984	99,287,000	10.12
1983	95,729,000 ‡	10.23

‡ After allowing for preferred stock at liquidation value.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 524,147	$ 415,868
Cost of sales	499,732	385,668
Expenses	18,346	15,893
Interest expense	825	2,587
Interest income	(1,020)	(1,646)
Other expenses	5,816	—
Income before taxes	$ 448	$ 13,366
Income taxes (credit)	(209)	5,260
Inc.-cont. oper.	$ 657	$ 8,106
Inc.-discon. oper	6,305	5,006
Net Income	$ 6,962	$ 13,112
Extraord. loss	(4,500)	—
Net Income & extraord. loss	$ 2,462	$ 13,112

* Included in Costs and Expenses, Depreciation and Amortization: $13,226,000 in 1987 and $10,486,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 28,826	$ 32,218
Notes & Long-term receiv., curr.	6,116	281
Accts. receiv., net	106,910	94,147
* Inventories	8,374	5,810
Prepaid expenses	3,995	7,508
Net-assets-discont. oper.	4,153	9,105
Current Assets	$ 158,374	$ 149,069
Net assets-discont. oper.	13,422	13,483
Long-term receiv.	803	1,061
# Fixed assets	41,156	36,622
Other assets	16,491	14,215
Intangibles	9,406	10,346
Total Assets	$ 239,652	$ 224,796

Liabilities
(000's)

	1987	1986
Long-term debt, curr.	$ 685	$ 4,245
Accts. payable	19,534	18,201
Adv. on contract pay.	11,100	2,027
Accruals	54,109	37,046
Accrued inc. taxes	5,005	8,635
Curr. Liabilities	$ 90,433	$ 70,154
Long-term debt	2,709	5,976
Deferred income taxes	14,751	15,582
Other liab. & def. credits	4,824	4,752
+ Preferred stock	—	82
+ Common stock	1,084	1,084
Add. paid-in capital	52,401	52,819
Curr. trans. adj.	(1,307)	(1,623)
Retained earnings	75,905	76,788
Treasury stock	(1,148)	(818)
Total Liabilities & Shareholders' Equity	$ 239,652	$ 224,796

* At lower of cost (FIFO and average) or market
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

	1987	1986
%Net Income to Equity	5.48	10.22
Debt to Equity	0.03	0.08
Working Capital	$ 67,941,000	$ 78,915,000
Current Ratio	1.75	2.12
Shareholders Equity	$ 126,935,000	$ 128,332,000

EAC Industries, Inc.

224 South Michigan Avenue
Suite 220
Chicago, Illinois 60604
(312) 922-7111

Officers: Peter B. Fritzsche, chairman of the board & president; Paul Fritzsche, v.p.-operations and administration & secretary; Peter O. Fetzer, asst. secretary; Sharon Hofmann, asst. secretary.

Directors: George J. Dunn, Paul Fritzsche*, Peter B. Fritzsche*, James F. Peil*, Daniel E. Virnich*, Paul E. Price*, James M. Baisley.

* Member of the Executive Committee

Areas of Work: Manufactures hardware products for screen and storm doors and security locks, and point-of-purchase advertising such as in-store sales aids, wall decorations and metallized plastic.

Subsidiaries:

Ideal Security Hardware Corporation
St. Paul, Minnesota

Goodren Products Corporation
Englewood, New Jersey

La Compagnie Ideal Security, Inc.
LaSalle, Quebec, Canada

Electro Finition Inc.
LaSalle, Quebec, Canada

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: EAC

Number of Employees:

1989	295	1987	1,110
1988	570		

Plant Footage:

1989	287,000 sq. ft.	1987	433,000
1988	316,000		

Sales & Earnings

	Revenues +	Net Income
1988	$ 31,531,000	$ (1,677,000)
1987	30,013,000	(2,042,000)
1986	27,911,000	(987,000)
1985	26,851,000	59,000
1984	25,191,000	(144,000)

	No. of Com. Shares #	Earn. per Share #
1988	1,942,000	$ —
1987	1,947,000	—
1986	1,969,000	—
1985	1,941,000	0.03
1984	1,924,000	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Hardware	$ 25,802	$ 25,068
Point-of-purchase adv.	5,729	4,945
Total	$ 31,531	$ 30,013

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	0.30	—	—
1985	0.40	—	—
1984	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 12,091,000	$ 6.23
1987	13,731,000	7.05
1986	15,695,000	8.06
1985	17,129,000	8.82
1984	17,684,000	9.19

Income Account *
(000's)

Year ended Jan. 31	1989	1988
Net sales	$ 31,531	$ 30,013
Cost of sales	23,388	22,050
Expenses	7,609	7,869
Eq. in inc. of affil. cos.	(97)	(145)
Interest expense	949	1,140
Loss before taxes	$ (318)	$ (901)
Tax credit	(45)	(331)
Loss - cont. oper.	$ (273)	$ (570)
Loss - discont. oper.	(1,404)	(1,472)
Net Loss	$ (1,677)	$ (2,042)

* Included in Costs and Expenses, Depreciation and Amortization: $918,000 in 1989 and $966,000 in 1988.

Assets
(000's)

As of Jan. 31	1989	1988
Cash & marketable securities	$ 1,094	$ 1,104
Accts. receiv., net	6,582	4,253
*Inventories	7,346	6,491
Prepaid expenses	1,409	718
Net assets - disc. oper.	18,205	22,465
Current Assets	$ 34,636	$ 35,031
Investments	1,419	1,244
#Fixed assets	8,868	7,314
Net assets of discont. oper.	605	6,667
Intangibles	1,499	1,162
Other assets	694	385
Total Assets	$ 47,721	$ 51,803

Liabilities
(000's)

	1989	1988
Long-term debt, curr.	$ 1,117	$ 1,610
Accts. payable	3,265	2,734
Accruals	2,213	2,299
Accrued inc. taxes	1,469	196
Liab. of discont. oper.	17,184	20,229
Curr. Liabilities	$ 25,248	$ 27,068
Long-term debt	8,705	6,672
Deferred inc. taxes	1,677	1,427
Liab. of discont. oper.	—	2,905
+Common stock	232	232
Add. paid-in capital	12,816	12,817
Cum. trans. adj.	(52)	(127)
Retained earnings	1,605	3,282
Treasury stock	(2,510)	(2,473)
Total Liabilities & Shareholders' Equity	$ 47,721	$ 51,803

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.29	4.62
Debt to Equity	0.81	0.60
Working Capital	$ 9,388,000	$ 7,963,000
Current Ratio	1.37	1.29
Shareholders' Equity	$ 12,091,000	$ 13,731,000

Eagle-Picher Industries, Inc.

580 Walnut Street
P.O. Box 779
Cincinnati, Ohio 45202
(513) 721-7010

Officers: Thomas E. Petry, president & chief executive officer; John W. Painter, exec. v.p.; Melvin F. Chubb, Jr., sr. v.p.; Jack D. Grinton, group v.p.; James M. Dines, v.p.; John E. Powers, sr. v.p.; James A. Ralston, v.p. & general counsel; James G. Baird, v.p.; J. Rodman Nall, v.p.; Ernest H. Hirsh, v.p.; David N. Hall, sr. v.p.-finance; Harry A. Neely, treasurer; Corinne M. Faris, secretary; Joshua E. Adams, asst. treasurer; Carroll D. Curless, v.p. & controller; David W. Matthews, asst. secretary; Marc L. Greenberg, asst. general counsel.

Directors: William D. Atteberry, Paul W. Christensen, Jr., Wickliffe Jones, Daniel W. LeBlond, John W. Painter, Charles S. Mechem, Jr., V. Anderson Coombe, Thomas E. Petry, Sidney J. Weinberg, Jr., Lloyd I. Miller, Richard T. Farmer, Roger L. Howe.

Areas of Work: The Company's electronic activities include the manufacture of special-purpose battery systems for electrical vehicles, utility load leveling, and worldwide communications satellites; the manufacture of sophisticated electronic components for aerospace, shipboard, ground-based, and industrial applications; and the production of new crystalline materials for semiconductor and infrared applications.

Electronics-related Divisions:

Electronics Division
Joplin, Missouri
Special purpose batteries; high-precision metal products.

Specialty Materials Division
Quapaw, Oklahoma
Produces high-purity germanium, gallium, lithium, and boron materials for the nuclear and electronic industries.

Transicoil Inc.
Worcester, Pennsylvania
Manufactures components and controls consisting of motors, torquers and torquer pots, generators and motor generators, synchros and resolvers, servo mechanisms and assemblies; and panels and displays consisting of integrated switch panels, annunciators, and fiber optic displays.

Acquisitions:

Penn Airborne Products Company
Southampton, Pennsylvania
Manufactures engine-monitoring instruments and auxiliary instruments for aircraft and aerospace applications.

Tri Sigma Corporation
Tucson, Arizona
Provides integrated control systems, which allow the user to automate motion control without writing custom software, and provides systems integration services.

Transfer Agent(s):

AmeriTrust Company National Association
Cleveland, Ohio

Stock Exchange(s): New York, Cincinnati

Ticker Symbol: EPI

Number of Employees:

1988	9,000	1985	8,200
1987	8,300	1984	8,700
1986	7,900		

Sales & Earnings

	Net Sales	Net Income
1988	$ 770,110,000	$ (465,762,000)
1987	677,234,000	39,988,000
1986	648,337,000	38,808,000
1985	641,736,000	(119,899,000)
1984	663,929,023	28,142,115

	No. of Com. Shares	Earn. per Share ‡
1988	10,679,000	$ —
1987	10,662,000	3.70
1986	10,668,000	1.80
1985	9,491,000	—
1984	9,543,000	2.91

(Loss)
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Industrial	$193,600	$185,900
Machinery & allied products	268,500	219,300
Transportation products	308,000	272,000
Total	$ 770,100	$ 677,200

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.84	—	—
1987	1.12	—	
1986	1.04	—	—
1985	1.04	—	—
1984	1.02	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ (267,469,000)	$ —
1987	206,778,000	19.39
1986	179,476,000	16.82
1985	107,702,000	11.35
1984	239,158,247	25.06

(Deficiency)

Income Account *

Year ended Nov. 30	1988	1987
Net sales	$ 770,110,000	$ 677,234,000
Cost of sales	636,486,000	548,218,000
Expenses	63,819,000	56,299,000
Asbestos litigation	559,542,000	—
Interest expense	9,515,000	9,209,000
Other income	(1,390,000)	(3,480,000)
Inc. (loss) bef. taxes	$ (497,862,000)	$ 66,988,000
Income taxes (credit)	(32,100,000)	27,000,000
Net Income (Loss)	$ (465,762,000)	$ 39,988,000

* Included in Costs and Expenses, Depreciation and Amortization: $25,630,000 in 1988 and $23,879,000 in 1987.

Assets

As of Nov. 30	1988	1987
Cash	$ 15,653,000	$ 63,462,000
Receiv., net	119,585,000	100,899,000
Income taxes receiv.	57,300,000	3,000,000
Due from insur. carriers	7,500,000	12,500,000
* Inventories	100,808,000	87,848,000
Deferred inc. taxes	25,890,000	24,280,000
Prepaid expenses	11,224,000	8,551,000
Current assets	$ 337,960,000	$ 300,540,000
# Fixed assets	166,304,000	151,263,000
Deferred inc. taxes	—	6,222,000
Due from insur. carriers	42,500,000	7,000,000
Other assets	36,657,000	33,060,000
Total Assets	$ 583,421,000	$ 498,085,000

Eagle-Picher Industries, Inc.

Liabilities

Long-term debt, curr.	$ 101,334,000	$ 3,004,000
Accts. payable	71,611,000	54,795,000
Accruals	21,424,000	25,148,000
Comp. & empl. benefits	10,396,000	9,949,000
Income taxes	6,832,000	4,921,000
Asbestos reserve	65,000,000	45,000,000
Curr. Liabilities	$ 276,597,000	$ 142,817,000
Long-term debt	94,336,000	89,382,000
Other long-term liabilities	900,000	1,101,000
Deferred inc. taxes	14,997,000	—
Asbestos reserve	464,060,000	58,007,000
+ Common stock	13,906,000	13,906,000
Add. paid-in capital	43,238,000	43,200,000
For. curr. trans.	273,000	88,000
Retained earnings (deficit)	(314,747,000)	159,979,000
Treasury stock	(10,139,000)	(10,395,000)
Total Liabilities & Shareholders' Equity	$ 583,421,000	$ 498,085,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1.25 par value.

Statistical Summary

% Income bef. Taxes to Sales	—	9.89
% Net Income to Sales	—	5.90
% Net Income to Equity	—	19.34
Sales to Inventories	7.64	7.71
Debt to Equity	—	0.45
Working Capital	$ 61,363,000	$ 157,723,000
Current Ratio	1.22	2.10
Shareholders' Equity (Deficiency)	$ (267,469,000)	$ 206,778,000

Eastman Kodak Company

343 State Street
Rochester, New York 14650
(716) 724-4000

Officers: Colby H. Chandler, chairman of the board & chief executive officer; Kay R. Whitmore, president; J. Phillip Samper, vice chairman; Peter Giles, v.p. & director-corporate commercial affairs; David J. Metz, v.p. & dir.-corp. communications & public affairs; Robert L. Long, v.p. & dir.-corp. planning; Cecil D. Quillen, Jr., sr. v.p. & general counsel; Paul L. Smith, sr. v.p. & dir.-finance & adm.; C. Michael Hamilton, treasurer; George D. Lord, v.p. & dir.-financial planning; Julian M. Gordon, general comptroller; William L. Sutton, sr. v.p. & dir.-corp. relations; John R. McCarthy, v.p. & dir.-personnel relations; Andrew P. Donovan, secretary & associate general counsel; Edwin P. Przybylowicz, sr. v.p. & dir.-research; William F. Fowble, sr. v.p. & gen. mgr.-manufacturing, distribution & field support; Frank P. Strong, Jr., group v.p. & gen. mgr.-diversified technologies/life sciences; Lawrence J. Matteson, group v.p. & gen. mgr.-commercial and information systems; Wilbur J. Prezzano, group v.p. & gen. mgr.-photographic products; R. Frederick Porter, v.p. & dir.-litigation operations; Katherine M. Hudson, v.p. & dir.-corp. information systems; Earnest W. Deavenport, Jr., group v.p. & president-Eastman Chemicals; Leo J. Thomas, chairman-Sterling Drug Inc.; Louis P. Mattis, president-Sterling Drug Inc..

Directors: Colby H. Chandler, chairman; Walter A. Fallon, Juanita M. Kreps, Roger E. Anderson, Cecil D. Quillen, Jr., Charles T. Duncan, Toy F. Reid, William L. Sutton, Kay R. Whitmore, J. Phillip Samper, David S. Saxon, Paul L. Smith, John F. Burlingame, Richard S. Braddock, John J. Phelan, Jr..

Areas of Work: Develops, manufactures and markets still and motion picture cameras and projectors, lenses, microfilming units, and professional photographic equipment; photographic films, papers, plates and chemicals; business equipment and related products, including copier-duplicators; batteries; light-sensitive materials for scientific use, positive-working photoresists for fabricating circuit boards, duplicating plates for making negative copies of printed circuits; man-made fibers, industrial chemicals and plastics; pharmaceutical specialty products, proprietary products, medical radiography and clinical diagnostic material and equipment, and household and other products.

Divisions and Subsidiaries:

Copy Products Division
Life Sciences Division
Bioscience/Emerging Businesses Division
Laboratory & Research Products Division
Pharmaceuticals Division
Clinical Products Division
Health Sciences Division
Mass Memory Division
Federal Systems Division
Consumer Services Division
U.S. Sales Division

Kodak Apparatus Division
901 Elmgrove Road
Rochester, New York 14650
(716) 724-4000

Business Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Motion Picture and Audiovisuals Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Consumer Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Graphics Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Photofinishing Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Eastman Technology, Inc.
343 State Street
Rochester, New York 14650
(716) 724-4000

Professional Photography Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Customer Equipment Services Division
800 Lee Road
Rochester, New York 14650
(716) 724-4000

Eastman Chemicals Division
343 State Street
Rochester, New York 14650
(716) 325-2000

Arkansas Eastman Company
P.O. Box 2357
Batesville, Arkansas 72501
(501) 698-1811

Carolina Eastman Company
P.O. Box 1782
Columbia, South Carolina 29202
(803) 794-9200

Tennessee Eastman Kodak
P.O. Box 511
Kingsport, Tennessee 37662
(615) 246-2111

Texas Eastman Company
P.O. Box 7444
Longview, Texas 75601
(214) 757-6611

Eastman Gelatine Corporation
227 Washington Street
Peabody, Massachusetts 01960
(617) 531-1700

Atex, Inc.
Bedford, Massachusetts

Kodak Canada Inc.
3500 Eglinton Avenue West
Toronto, Ontario M6M 1V3, Canada
(416) 766-8233

Kodak Limited
P.O. Box 66
Kodak House, Station Road, Hemel Hempstead
Hertfordshire HP1 1JU, England

Kodak-Pathe
8-26 rue Villiot
Paris, Cedex 12 75008, France

Kodak A.G.
Postfach 369
7000 Stuttgart 60, Germany

Kodak (Australasia) Pty. Ltd.
173-3058 Elizabeth Street
Coburg, Victoria, Australia

Kodak Brasileira C.I.L.
Av. Brigadeiro Faria Limia, 1815, 7th Floor
Caixa Postal 225
Sao Paulo 01000, Brazil

Eastman Kodak International Sales Corporation
Torrey Pines Realty Company, Inc.
Garlic Development Corporation
Kodak Programs, Inc.
Cyclotomics, Inc.
Diconix, Inc.
Ektron Applied Imaging, Inc.
Qualis Photofinishing Company
Eastman Chemical Products, Inc.
Holston Defense Corporation
Mustang Pipeline Company
Pinto Pipeline Company of Texas
Kodak International Management Corp.
Kodak Processing Laboratory, Inc.
Eastman Kodak Communications, Inc.
Eastman Chemical International Ltd.
Eastman Chemical Brasileira Ltda.
Eastman Chemical International, A.G.
Ectona Fibres Limited
Kodak Argentina, Ltd.
American Photo, S.A.
Kodak Chilena S.A.F.
Foto Interamericana de Colombia, Ltd.
Kodak Mexicana, Ltd.
Kodak Panama, Ltd.
Kodak Export Limited
Laboratorios Kodak Limitada
Foto Interamericana de Peru, Ltd.
Kodak Caribbean, Limited
Kodak Uruguaya, Ltd.
Foto Interamericana de Venezuela, S.A.

Verbatim Corporation
Manufacturer and marketer of flexible disks for use in computers and word processing systems.

Eikonix Corporation
Designs and manufactures digital image-processing equipment.

Datatape Inc.
Manufactures high-technology, digital & analog recording equipment.

Fox Photo, Inc.
A photofinisher which operates wholesale photo labs and mini labs in 23 states.

American Photographic Group
A wholesale photofinishing company operating in 17 states.

Sterling Drug Inc.
90 Park Avenue
New York, New York 10016
(212) 907-2000
A major pharmaceutical firm.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): New York, Midwest, Pacific, Boston, Phila-Balt-Wash, Paris, London, Tokyo

Ticker Symbol: EK

Number of Employees:

1988 145,300
1987 124,400
1986 121,450
1985 128,950
1984 123,900

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 17,034,000	$ 1,397,000
1987	13,305,000	1,178,000
1986	11,550,000	374,000
1985	10,631,000	332,000
1984	10,600,000	923,000

	No. of Com Shares +	Earn. per Share #
1988	324,200,000	$ 4.31
1987	324,100,000	3.52
1986	338,700,000	1.10
1985	338,500,000	0.97
1984	350,000,000	2.54

+ Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 1.90	—	—
1987	1.71	—	
1986	1.63	—	—
1985	1.62	—	3-for-2
1984	1.60	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share #
1988	$ 6,780,000	$ 20.91
1987	6,013,000	18.55
1986	6,388,000	18.86
1985	6,562,000	19.39
1984	7,137,000	20.39

# Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	12/25/88	12/27/87
Net sales	$ 17,034,000	$ 13,305,000
Cost of sales	9,601,000	8,004,000
Expenses	4,495,000	3,190,000
Oper. profit	$ 2,938,000	$ 2,111,000
Investment income	132,000	83,000
Total	$ 3,070,000	$ 2,194,000
Interest exp.	697,000	181,000
Other expense	137,000	29,000
Income before taxes	$ 2,236,000	$ 1,984,000
Income taxes	839,000	806,000
Net Income	$ 1,397,000	$ 1,178,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,183,000,000 in 1988 and $995,000,000 in 1987.

Assets
(000's)

As of	12/25/88	12/27/87
Cash	$ 848,000	$ 702,000
Marketable securities	227,000	290,000
Receiv., net	4,071,000	3,144,000
*Inventories	3,025,000	2,178,000
Deferred inc. taxes	272,000	326,000
Prepaid expenses	241,000	151,000
Current Assets	$ 8,684,000	$ 6,791,000
#Fixed assets	8,013,000	6,663,000
Other assets	6,267,000	1,244,000
Total Assets	$ 22,964,000	$ 14,698,000

Liabilities
(000's)

Payables	$ 5,277,000	$ 3,614,000
Dividends payable	162,000	146,000
Income & other taxes	411,000	380,000
Curr. Liabilities	$ 5,850,000	$ 4,140,000
Long-term borrowings	7,779,000	2,382,000
Other liabilities	990,000	743,000
Deferred inc. taxes	1,565,000	1,420,000
+ Common stock	934,000	933,000
Add. paid-in capital	1,000	—
Retained earnings	7,922,000	7,139,000
Cum. trans. adjust.	(18,000)	—
Treasury stock	(2,059,000)	(2,059,000)
Total Liabilities & Shareholders' Equity	$ 22,964,000	$ 14,698,000

* At cost which is not in excess of market. U.S. inventories at LIFO; foreign at FIFO or average.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.13	14.91
%Net Income to Sales	8.20	8.85
%Net Income to Equity	20.60	19.59
Sales to Inventories	5.63	6.11
Debt to Equity	1.13	0.40
Working Capital (000's)	$ 2,834,000	$ 2,651,000
Current Ratio	1.48	1.64
Shareholders' Equity (000's)	$ 6,780,000	$ 6,013,000

Eaton Corporation

Eaton Center
1111 Superior Avenue, N.E.
Cleveland, Ohio 44114
(216) 523-5000

Officers: James R. Stover, chairman of the board & chief executive officer; William E. Butler, president & chief operating officer; Stephen R. Hardis, vice chairman & chief financial & administrative officer; John M. Carmont, v.p. & treasurer; John D. Evans, v.p.-human resources; Gerald L. Gherlein, v.p. & general counsel; Patrick X. Donovan, v.p.-international; John W. Hushen, v.p.-government relations; Ronald L. Leach, v.p.-accounting; Brock Hattox, v.p.-planning & controller; Warren B. Offutt, v.p.-technical management; Richard T. Sadler, v.p. & secretary; Floyd M. Wilkerson, v.p.-administration; Marshall Wright, v.p.-corporate affairs; Alexander M. Cutler, president-Controls Group; Robert W. Gillison, president-Vehicle Components Group.

Directors: James R. Stover*, chairman of the board; William E. Butler*, Arthur Dole, III, Charles E. Hugel, Furman C. Moseley, Hooper G. Pattillo, Samuel K. Scovil, Neil A. Armstrong, Stephen R. Hardis*, Virginia A. Dwyer, John R. Miller, A. William Reynolds.

* Member of the Executive Committee

Operating Units:

Vehicle Powertrain:

Truck Components:
Mechanical transmissions, drive and trailer axles, brakes, locking differentials, engine valves, valve lifters, tire valves, leaf springs, viscous fan drives, power steering pumps.

Off-Highway Vehicle Components Group:
Mechanical and hydrostatic transmissions, forgings, drive axles, brakes, engine valves, hydraulic valve lifters, hydraulic motors, gear and piston pumps and motors, control valves and cylinders.

Passenger Car Components:
Engine valves, hydraulic valve lifters, emission control valves, viscous fan drives, differentials, tire valves.

Electronics and Controls:
Electromechanical and electronic control systems, devices and assemblies; semiconductor wafer fabrication equipment; sensors and human interface devices; programmable controllers; switches; relays; counters; electrical adjustable speed drives; low-voltage power distribution equipment; aerospace power controls; fasteners and thermostats; automated materials handling.

Transfer Agent(s):

AmeriTrust Company
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York, Midwest, Pacific, London

Ticker Symbol: ETN

Number of Employees:

1988 43,000
1987 43,000
1986 43,438
1985 41,134
1984 42,709

Sales & Earnings

	Net Sales ‡ (000's)	Net Income + (000's)
1988	$ 3,469,000	$ 212,300
1987	3,110,000	201,200
1096	2,738,000	137,600
1985	2,796,000	230,900
1984	2,984,000	254,400

	No. of Com. Shares #	Earn. per Share + #
1988	37,200,000	$ 5.69
1987	42,000,000	4.77
1986	47,800,000	2.86
1985	49,200,000	4.67
1984	48,400,000	5.23

‡ Of continuing operations only.
+ Including extraordinary loss of $17,700,000 ($0.48 per share) in 1988.
# Based on the monthly average number of shares outstanding during each year adjusted to reflect stock split.

Revenues By Line of Business

	1988	1987
Electrical & electronic controls prods.	$ 1,453,000	$ 1,383,000
Truck components	1,310,000	1,171,000
Passenger car components	419,000	367,000
Off-highway vehicle components	287,000	189,000
Total	$ 3,469,000	$ 3,110,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 1.67	—	3-for-2
1987	1.27	—	
1986	1.07	—	—
1985	0.90	—	—
1984	0.73	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 1,158,600,000	$ 31.24
1987	1,066,600,000 †	28.27
1986	1,244,900,000 †	28.39
1985	1,383,000,000 †	28.09
1984	1,188,600,000 †	24.32

† After allowing for preferred stock at liquidation values.
# Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 3,468,500	$ 3,109,700
Cost of sales	2,519,000	2,221,100
Expenses	549,100	512,900
Interest expense	75,300	77,700
Interest income	(12,200)	(13,100)
Other income	(30,000)	(17,200)
Income bef. taxes	$ 367,300	$ 328,300
Income taxes	139,600	122,100
Inc. - cont. oper.	$ 227,700	$ 206,200
Inc. (loss) - discont. oper.	2,300	(5,000)
Net Income	$ 230,000	$ 201,200
Extraord. loss	(17,700)	—
Net Income & extraord. loss	$ 212,300	$ 201,200

* Included in Costs and Expenses, Depreciation: $117,400,000 in 1988 and $107,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 16,400	$ 14,200
Short-term securities	175,100	47,200
Accts. receiv., net	486,600	462,000
*Inventories	448,500	407,100
Prepaid emp. benefits	42,400	82,200
Deferred inc. taxes	75,900	67,800
Other curr. assets	60,500	54,400
Current Assets	$ 1,305,400	$ 1,134,900
#Fixed assets	925,800	860,000
Exc. of cost over assets acq.	265,800	271,900
fher assets	194,400	184,300
Net assets - discont. oper.	342,400	632,600
Total Assets	$ 3,033,800	$ 3,083,700

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 25,400	$ 10,200
Short-term debt	22,900	26,000
Accts. payable	278,000	241,400
Payrolls & other accruals	80,200	70,100
Accrued taxes	211,000	46,800
Other curr. liab.	209,300	231,700
Curr. Liabilities	$ 826,800	$ 626,200
Long-term debt	654,600	819,500
Other liab.	268,600	260,800
Deferred inc. taxes	125,200	301,100
+Serial pref. stock	—	200
++Common stock	18,500	12,600
Add. paid-in capital	317,300	319,300
Retained earnings	834,400	749,100
For. curr. trans. adj.	(11,600)	(5,100)
Total Liabilities & Shareholders' Equity	$ 3,033,800	$ 3,083,700

* At lower of cost (LIFO) or market; foreign at FIFO.
# Less accumulated depreciation and amortization.
+ $2.50 stated value; $10 cumulative convertible.
++ $0.50 par value.

Statistical Summary

%Net Income to Equity	19.85	18.70
Sales to Inventories	7.73	7.64
Debt to Equity	0.61	0.80
Working Capital	$ 478,600,000	$ 508,700,000
Current Ratio	1.58	1.81
Shareholders' Equity	$ 1,158,600,000	$ 1,076,100,000

Echlin, Inc.

100 Double Beach Road
Branford, Connecticut 06405
(203) 481-5751

Officers: Frederick J. Mancheski, chairman of the board, president & chief exec. officer; Daniel S. Carboni, executive v.p.; John P. Gethin, executive v.p.; Edward D. Toole, Jr., v.p., secretary & general counsel; Milton J. Makoski, v.p.-human resources; Charles W. O'Connor, asst. secretary; Richard A. Wisot, treasurer; Robert F. Tobey, v.p.-corp. development; Andrew J. Mazzarella, corp. controller; Ralph F. Manning, asst. secretary & asst. general counsel; Kenneth T. Flynn, Jr., asst. corp. controller; Joseph A. Onorato, asst. treasurer; Edward C. Shalagan, asst. treasurer.

Directors: Frederick J. Mancheski, chairman of the board; John E. Echlin, Jr., Milton P. DeVane, Eugene J. Muldoon, John F. Gustafson, Phillip S. Myers, John F. Creamer, Jr., Richard C. Curran, William C. Hatcher.

Areas of Work: Manufactures parts and supplies used to maintain or improve the efficiency and safety of motor vehicles including automotive electronic, electro-mechanical, cooling system and fuel system parts. Safety products include hydraulic brake parts, air brake parts, controllers for electric brakes, and additional safety-related products.

Divisions and Subsidiaries:

Ace Canada, Inc.
Toronto, Ontario, Canada

Ace Electric Company, Inc.
Livonia, Michigan
Columbus, Kansas

Automotive Controls Corp.
Branford, Connecticut
Independence, Kansas

Blackstone Manufacturing Company, Inc.
Chicago, Illinois

Brake Parts Company
Litchfield, Illinois
McHenry, Illinois

Lift Parts Mfg. Co.
Des Plaines, Illinois

Echlin of Puerto Rico, Inc
Ponce, Puerto Rico

Echlin-Ponce, Inc.
Ponce, Puerto Rico

Friction Materials, Inc.
Lawrence, Massachusetts

Echlin de Saltillo, S.A. de C.V.
Saltillo, Mexico

Friction Inc.
Merced, California

Midland Brake, Inc.
Kansas City, Missouri
St. Louis, Missouri
Paris, Tennessee
Iola, Kansas
Owosso, Michigan
Broken Arrow, Oklahoma
Marion, North Carolina

Sensor Engineering Company
Hamden, Connecticut

Tekonsha Engineering Company
Tekonsha, Michigan

Distex Ind. Inc.
Montreal, Quebec, Canada
Milton, Ontario, Canada

ITAPSA, S.A. de C.V. (69%-owned)
Los Reyes La Paz, Mexico

Prattville Mfg., Inc.
Prattville, Alabama

Lipe Corporation
Syracuse, New York

Lipe Limited
Haslingden, England

Graubremse GmbH (70%-owned)
Heidelberg, West Germany
Regensburg, West Germany

Grau Girling Limited (70%-owned)
Redditch, England
Blackburn, England

Quinton Hazell PLC
Nuneaton, England
Redditch, England
Colwyn Bay, Wales
Dublin, Ireland
Lille, France
Milan, Italy

EPE, Inc.
Compton, California
Irvine, California
Fredericksburg, Virginia
Dallas, Texas

BWD Automotive of Puerto Rico, Inc. (70%-owned)
San Juan, Puerto Rico

BWD International
Elk Grove Village, Illinois

Echlin Charger Manufacturing Company (Pty.) Ltd.
(92% owned)
Johannesburg, South Africa

Echlin Mexicana S.A. de C.V. (69%-owned)
Mexico City, Mexico

Echlin de Venezuela, C.A. (50%-owned)
Caracas, Venezuela

Echlin de Brasil, S.A.
Sao Paulo, Brazil

Echlin Australia (Pty.) Ltd.
Melbourne, Australia

Echlin Canada Inc.
Toronto, Ontario, Canada
Niagara Falls, Ontario, Canada

Ristance Corporation
Mishawaka, Indiana
Manufactures wire and cable products.

Sierra Supply Company
Litchfield, Illinois

BWD Automotive Corporation
Corona, California
Ottawa, Illinois
Franklin Park, Illinois

Echlin Sales/International
Branford, Connecticut

Pacer Industries, Inc.
Pensacola, Florida
Northvale, New Jersey
Washington, Missouri

Pacer K.S., Inc.
Ronkonkoma, New York

Brake Systems, Inc.
Elmhurst, Illinois
Cheshire, Connecticut

Continental Hydraulic Hose Corp.
Upper Sandusky, Ohio

Ram Products, Inc.
Northvale, New Jersey
Remanufactures automotive fuel injection systems and parts.

United Brake Systems Inc.
Indianapolis, Indiana
Remanufactures heavy duty truck brake shoes.

Urba S.A. Industria e Comercio de Auto Pecas
Sao Paulo, Brazil

Transfer Agent(s):

The Connecticut Bank and Trust Company
Hartford, Connecticut

Stock Exchange(s): New York, Pacific

Ticker Symbol: ECH

Number of Employees:

1988	15,100	1985	10,100
1987	13,500	1984	9,200
1986	13,200		

Plant Footage

1988	4,850,000 sq. ft.	1985	4,644,000
1987	5,186,000	1984	3,400,000
1986	4,768,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 1,294,297,000	$ 62,072,000
1987	1,099,703,000	45,634,000
1986	901,890,000	48,844,000
1985	771,390,000	45,603,000
1984	688,971,000	43,820,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	55,613,000	$ 1.12
1987	52,098,000	0.88
1986	44,123,000	1.11
1985	41,609,000	1.10
1984	41,393,000	1.06

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.59	—	—
1987	0.53	—	
1986	0.47	—	—
1985	0.41	—	2-for-1
1984	0.35	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 634,267,000	$ 11.39
1987	603,469,000	10.88
1986	423,043,000	8.79
1985	289,721,000	6.95
1984	260,855,000	6.24

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Aug. 31	1988	1987
Net sales	$ 1,294,297	$ 1,099,703
Cost of sales	935,531	790,152
Expenses	263,099	235,095
Interest expense	13,229	11,676
Interest income	(11,368)	(9,395)
Eq. in loss (earn.) of affil.	506	(840)
Income before taxes	$ 93,300	$ 73,015
Income taxes	31,228	27,381
Net Income	$ 62,072	$ 45,634

* Included in Costs and Expenses, Depreciation and Amortization: $35,230,000 in 1988 and $29,176,000 in 1987.

Assets
(000's)

As of Aug. 31	1988	1987
Cash	$ 14,833	$ 26,946
Accts. receiv.	200,315	134,782
* Inventories	421,826	350,716
Other assets	11,904	14,977
Current Assets	$ 646,878	$ 527,421
# Fixed assets	242,169	207,030
Market. secur.	124,014	72,547
Other assets	71,507	62,067
Total Assets	$ 1,086,568	$ 869,065

Liabilities
(000's)

Notes payable	$ 12,127	$ 13,723
Long-term debt. curr.	3,586	8,556
Accts. payable	92,050	54,460
Accrued payroll	20,226	17,260
Other accruals	79,146	51,467
Income taxes	44,848	22,635
Amt. due for purch. of bus.	49,395	—
Curr. Liabilities	$ 301,378	$ 168,101
Long-term debt	114,938	69,546
Deferred inc. taxes	35,985	27,949
+ Common stock	55,946	55,740
Add. paid-in capital	315,123	313,697
Retained earnings	266,031	236,767
For. curr. trans. adj.	162	260
Treasury stock	(2,995)	(2,995)
Total Liabilities & Shareholders' Equity	$ 1,086,568	$ 869,065

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.21	6.64
%Net Income to Sales	4.80	4.15
%Net Income to Equity	9.79	7.56
Sales to Inventories	3.07	3.14
Debt to Equity	0.21	0.15
Working Capital	$ 347,500,000	$ 359,320,000
Current Ratio	2.15	3.14
Shareholders' Equity	$ 634,267,000	$ 603,469,000

EDO Corporation

14-04 111th Street
College Point, New York 11356-1434
(718) 321-4000

Officers: William R. Ryan, chairman of the board; Gerald Albert, president & chief exec. officer; Frank A. Fariello, exec. v.p.; Robert A. Lapetina, exec. v.p.; Michael J. Hegarty, v.p.-finance, secretary & treasurer; Marvin D. Genzer, general counsel & asst. secretary.

Directors: William R. Ryan, chairman; Michael J. Hegarty, Robert A. Lapetina, H. Struve Hensel, James T. Pyle, Richard Rachals, Gerald Albert, James S. Coles, John H. Meyn, Ralph O. Romaine, Frank Fariello.

Areas of Work: Produces electronic systems and equipment, electro-mechanical devices and fiber-reinforced composites for civil and military aviation, ocean navigation and underwater detection, surveillance and exploration.

Divisions and Subsidiaries:

Government Systems Division
14-04 11th Street
College Point, New York 11356-1434
(718) 321-4000

Washington Office
2001 Jefferson Davis Highway
Arlington, Virginia 22202
(703) 521-5260

Virginia operations
814 Greenbrier Circle
Chesapeake, Virginia 23320
(804) 424-1004

EDO Operations (Israel) Ltd.
Starco Building
Stellas Maris Square
35709 Haifa, Israel
Manufactures shipboard sonar products, such as the variable depth sonar; the helicopter towed hydrofoil sea sled, and other products in the fields of antisubmarine warfare, airborne mine countermeasures systems, aircraft ejection release units, and seaplane floats.

Electro-Acoustic Division and Electro-Ceramic Division
2645 South 300 West
Salt Lake City, Utah 84115-2968
(801) 486-7481
(801) 486-2115
Oceanograhic and marine navigation instrumentation; sonar doppler navigation equipment; graphic records, piezoelectric ceramics, acoustic devices, underwater video systems and equipment.

Fiber Science Division
P.O. Box 535227
506 North Billy Mitchell Road
Salt Lake City, Utah 84116-5227
(801) 537-1800
Engaged in the filament winding of reinforced plastic composites for commercial aircraft water and waste system tanks, ducting and fitting; the development of hardware for military helicopters and aircraft; plastic products such as chemical tanks, fish farming equipment and molded fiberglass building units.

Barnes Engineering Company
88 Long Hill Cross Roads
Shelton, Connecticut 06484-0867
(203) 926-1777
Designs and manufactures electro-optical systems, instruments and components used in defense, space and commercial applications.

EDO Almondbury, Ltd.
Dorcester, Dorset, United Kingdom
Mine countermeasure systems.

EDO (Canada) Limited
8-6320 11th Street, SE
Calgary, Alberta T2H267, Canada
(403) 255-6667

Transfer Agent(s):

Mellon Securities Trust Company
Fort Lee Executive Park
1 Executive Drive
Fort Lee, New Jersey 07024

Stock Exchange(s): New York

Ticker Symbol: EDO

Number of Employees:

1988 1,527
1987 1,513
1986 1,486
1985 1,330
1984 1,442

Plant Footage:

1988 . . . . 729,000 sq. ft.
1987 . . . . N.A.
1986 755,500
1985 652,000
1984 672,000

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 137,872,000	$ 9,781,000
1987	127,262,000	6,954,000
1986	113,184,000	6,328,000
1985	116,152,000	8,061,000
1984	122,877,000	11,835,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	5,961,000	$ 1.54
1987	6,911,000	1.01
1986	7,548,000	0.84
1985	8,000,000	1.01
1984	8,600,000	1.58

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues by Line of Business

	1988	1987
Military systems	$ 93,762,000	$ 84,567,000
Marine systems & spec. prod.	44,110,000	42,695,000
Total	$ 137,872,000	$ 127,262,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.28	—	—
1987	0.28	—	
1986	0.28	—	—
1985	0.27	—	—
1984	0.23	—	—

+ Adjusted to reflect stock dividends.
‡ Paid Feb. 23, 1984.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 43,613,000 #	$ 8.01
1987	50,461,000	8.43
1986	62,350,000	8.73
1985	58,694,000	8.26
1984	68,962,000	8.49

# After allowing for preferred stock at par value.
‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 137,872,000	$ 127,262,000
Other income	299,000	392,000
Total income	$ 138,171,000	$ 127,654,000
Cost of sales	112,823,000	102,063,000
Expenses	11,219,000	11,004,000
Research & devel.	5,041,000	3,526,000
Pension plans	2,497,000	1,837,000
Interest expense	2,935,000	3,038,000
Interest income	(2,601,000)	(3,618,000)
Other expense (income)	166,000	(920,000)
Income before taxes	$ 6,091,000	$ 10,724,000
Income taxes	1,326,000	3,770,000
Cum. effect of acct. change	(5,016,000)	—
Net Income	$ 9,781,000	$ 6,954,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,974,000 in 1988 and $4,944,000 in 1987.

Assets

As of Dec. 31	1986	1985
Cash	$ 19,910,000	$ 21,290,000
Short-term invest.	12,871,000	19,478,000
Recov. inc. taxes	—	3,189,000
Accts. receiv., net	38,282,000	24,936,000
*Inventories	32,793,000	32,506,000
Prepaid expenses	451,000	707,000
Current Assets	$ 104,317,000	$ 102,106,000
#Fixed assets	38,485,000	34,436,000
Intangibles	10,096,000	10,463,000
Defer. charges & other assets	8,804,000	7,738,000
Total Assets	$ 161,702,000	$ 154,743,000

Liabilities

Notes payable	$ —	$ 713,000
Long-term debt, curr.	648,000	646,000
Accts. payable & accruals	18,199,000	17,229,000
Contract advances & deposits	13,911,000	15,504,000
Income taxes	16,389,000	19,303,000
Curr. Liabilities	$ 49,147,000	$ 53,395,000
Long-term debt	37,321,000	37,969,000
Deferred inc. taxes	10,916,000	11,815,000
ESOT loan oblig.	19,148,000	—
Minority interest	1,467,000	1,103,000
+Preferred stock	90,000	—
+Common stock	8,454,000	8,454,000
Add. paid-in capital	45,823,000	32,903,000
Retained earnings	54,472,000	46,910,000
Treasury stock	(45,173,000)	(37,452,000)
Translation adjust.	264,000	—
ESOT loan oblig.	(19,148,000)	—
Long-term incent. plan	(1,079,000)	(354,000)
Total Liabilities & Shareholders' Equity	$ 161,702,000	$ 154,743,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.42	8.43
%Net Income to Sales	7.09	5.46
%Net Income to Equity	22.38	13.78
Sales to Inventories	4.20	3.92
Debt to Equity	0.87	0.78
Working Capital	$ 55,170,000	$ 48,711,000
Current Ratio	2.12	1.91
Shareholders' Equity	$ 43,703,000	$ 50,461,000

EECO Incorporated

P.O. Box 659
1601 East Chestnut Avenue
Santa Ana, California 92702-0659
(714) 835-6000

Officers: Robert C. Milo, president; Robert B. Bonney, chairman of the board & chief executive officer; Seymour A. Schlosser, v.p., chief financial officer & secretary; Robert W. Allen, v.p.-administration; Carl Jeremias, v.p. & president-EECO Computer, Inc.; Edward F. Sidor, v.p.-switch products; John C. Roderick, v.p.-international.

Directors: Robert B. Bonney, chairman; John F. Bishop, Robert C. Milo, Ruel C. Mercure, Jr., J. J. Shelton, William J. Bowers, John R. Stahr, Charles S. Strauch, Michael P. Arndt.

Areas of Work: Develops and manufactures computer keyboards, electro-mechanical switch products such as thumbwheel and printed circuit board switches, and membrane keyboards, which are "touch" keypanels and keypads that control the operation of medical instrumentation, industrial processing systems, telecommunications, and computer-related equipment.

Divisions and Subsidiaries:

The Maxi-Switch Company
5436 West Latham Street
Phoenix, Arizona 85043
(602) 272-5645
Manufactures keyboards for use with computers, communications equipment and electronic cash registers.

Maxi-Switch Keyboard
5436 West Latham Street
Phoenix, Arizona 85043
(602) 272-5645
Manufacture of membrane switch panels.

EECO Ltd.
Trafalgar Way Bar Hill
Cambridge CB3 8SQ England
Assembly of Maxi-Switch keyboards for sale in the European market.

EnELCO S.A. de C.V. (49%-owned)
Caborca and Magdalena, Mexico
Assembles products for EECO Incorporated and other companies.

Components Products Division
Video Products Division

Convergence Corporation
Irvine, California
Provides computerized editing and control systems to the television and professional video communications industry.

Transfer Agent(s):

U.S. Stock Transfer Corp.
1745 Gardena Avenue
2nd Floor
Glendale, California 91204

Stock Exchange(s): American

Ticker Symbol: EEC

Number of Employees:

1989 975
1987 846
1986 880
1985 748
1984 778

Plant Footage:

1988 . . . . 269,000 sq. ft.
1987 269,000
1986 288,000

Sales & Earnings

	Net Sales +	Net Income
1988	$ 60,863,000	$ (13,163,000)
1987	48,528,000	1,526,000
1986	32,110,000	2,385,000
1985	24,759,000	1,621,000
1984	24,424,000	1,244,000

	No. of Com. Shares #	Earn. per Share #
1988	3,981,000	$ —
1987	4,048,000	0.38
1986	3,939,000	0.61
1985	3,819,000	0.42
1984	3,855,000	0.32

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1988 (000's)	%	1987 (000's)	%
Computer keyboard prods.	$ 37,138	61 %	$ 28,047	58 %
Membrane keyboard prods.	9,079	15	9,302	19
Electro-mechanical switch prods.	11,658	19	11,179	22 23
Custom OEM	2,988	5	—	—
Total	$ 60,863	100 %	$ 48,528	100 %

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1988	$ 0.12	—	—
1987	0.24	—	
1986	0.23	—	3-for-2
1985	0.21	—	—
1984	0.21	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 11,732,000	$ 2.95
1987	24,818,000	6.13
1986	23,750,000	6.03
1985	21,772,000	5.70
1984	20,535,000	5.33

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 60,863,000	$ 48,528,000
Cost of sales	54,570,000	33,137,000
Gen., adm. & selling exp.	14,183,000	11,614,000
Res. and develop. exp.	339,000	566,000
Interest expense	3,126,000	1,940,000
Gain on sales of rl. est.	(7,402,000)	—
Reserve. for restruc.	1,200,000	—
Income (loss) bef. taxes	$ (5,153,000)	$ 1,271,000
Income taxes (credit)	(1,751,000)	545,000
Inc. (loss) - cont. oper.	$ (3,402,000)	$ 726,000
Inc. (loss) - discont. oper.	(9,761,000)	800,000
Net Income (Loss)	$ (13,163,000)	$ 1,526,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,861,000 in 1988 and $3,058,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 1,012,000	$ 1,392,000
Accts. receiv., net	17,726,000	17,392,000
Income taxes receiv.	1,223,000	14,000
*Inventories	20,102,000	23,745,000
Prepaid exp. & def. inc. taxes	1,755,000	2,671,000
Current Assets	$ 41,818,000	$ 45,200,000
#Fixed assets	9,539,000	13,752,000
Intangibles	2,426,000	5,652,000
Other assets	1,121,000	4,668,000
Total Assets	$ 54,904,000	$ 69,272,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 527,000	$ 781,000
Accts. payable	8,713,000	8,881,000
Notes payable	18,700,000	15,900,000
Income taxes	422,000	846,000
Accrued payroll	1,501,000	1,641,000
Other liabilities	4,307,000	2,452,000
Curr. Liabilities	$ 34,170,000	$ 30,501,000
Long-term debt	6,414,000	11,247,000
Def. gain on sale of real estate	1,637,000	—
Deferred inc. taxes	951,000	2,706,000
+Common stock	7,269,000	6,679,000
Retained earnings	4,257,000	17,897,000
Eq. adjust. from for. curr. trans.	206,000	242,000
Total Liabilities & Shareholders' Equity	$ 54,904,000	$ 69,272,000

* At lower of average cost or market (net realizable value).
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

	1988	1987
%Net Income to Equity	—	6.15
Sales to Inventories	3.03	3.27
Debt to Equity	2.19	0.48
Working Capital	37,648,000	$ 14,699,000
Current Ratio	1.22	1.48
Shareholders' Equity	$ 11,732,000	$ 24,818,000

EG&G, Inc.

45 William Street
Wellesley, Massachusetts 02181
(617) 237-5100

Officers: John M. Kucharski, chairman, president & chief exec. officer; Dean W. Freed, vice chairman; Donald M. Kerr, exec. v.p.; David J. Beaubien, sr. v.p.; Samuel Rubinovitz, sr. v.p.; John R. Dolan, sr. v.p. & chief financial officer; William T. Barrett, vice president; Philip C. Kautt, vice president; Daniel F. Riley, vice president; Charles M. Williams, vice president; Peter H. Zavattaro, vice president; James O. Zane, vice president; Louis P. Valente, vice president; James R. Dubay, vice president; Richard F. Murphy, vice president; Fred B. Parks, vice president; Donald H. Peters, vice president; Luciano S. Rossi, vice president; Louis J. Williams, vice president; Peter A. Broadbent, treasurer; Richard P. Delio, controller; James L. McGuinness, Jr., asst. treasurer; Murray Gross, asst. clerk; John S. Donahue, asst. clerk; Peter F. Chapski, dir.-communication & investor relations.

Directors: Bernard J. O'Keefe, Dean W. Freed, Kent F. Hansen, Joseph F. Turley, Robert F. Goldhammer, John B. Gray, G. Robert Tod, John M. Kucharski, William F. Pounds, John L. Thompson.

Areas of Work: The Company manufactures and markets electronic instruments and electronic and mechanical components. It is involved in biomedical, automotive, and energy-related research, services, and equipment. For the government, EG&G participates in a range of special projects for the military, and in long-term engineering and site-management programs. These programs support the national defense and security, the nation's manned space program, and nuclear and alternative-energy research and development.

Divisions and Subsidiaries:

INSTRUMENTS

EG&G ORTEC
100 Midland Road
P.O. Box C
Oak Ridge, Tennessee 37831-0895
(615) 482-4411

Radiation detectors and associated electronics for nuclear research, radiation-monitoring, materials analysis, and industrial quality control.

EG&G Princeton Applied Research Corporation
7 Roszel Road
P.O. 2565
Princeton, New Jersey 08543-2565
(609) 452-2111

Electronic signal detectors and analyzers for plasma research, fiberoptic measurements, laser diagnostics and quality control in the manufacture of semiconductors and magnetic recording media. Electrochemical instruments for analysis of wastewater, foods and medicine, and corrosion rates. Sensors for liquid chromatography analysis, and communication interfaces for recording research data.

EG&G Geometrics, Inc.
395 Java Drive
P.O. Box 497
Sunnyvale, California 94086
(408) 734-4616

Geophysical survey instrumentation. Specifically, airborne and marine magnetometers, gammaray spectrometers, seismographs and related recording equipment. Airborne surveys for mineral and energy-resource exploration.

EG&G Marine and Atmospheric Products
217 Middlesex Turnpike
Burlington, Massachusetts 01803
(617) 270-9100

Side-scan sonar systems and related instruments for the military and for academic institutions involved in oceanography and geophysics.

EG&G Chandler Engineering Company
7707 East 38th Street
Tulsa, Oklahoma 74145
(918) 627-1740

High-pressure, high-temperature testers for oil well cement and drilling fluids used in energy production. Precision pressure calibration instruments, consistometers, dead weight testers, viscometers and hygrometers.

EG&G Ocean Products
1140 Route 28A
Cataumet, Massachusetts 02534
(617) 563-9317

Oceanography instruments. Specifically, acoustic releases, conductivity-temperature-depth systems, current meters, conductivity-temperature-depth systems, current meters, transponder navigation systems, and laboratory standard equipment for the military, academic institutions, and marine industry.

EG&G Gamma Scientific
3777 Ruffin Road
San Diego, California 92123
(619) 279-8034

Instruments and systems for measuring optical radiation and computer-controlled systems for spectral and spatial analysis of electronic and cathode ray tube (CRT) display. Radiometers, spectroradiometers, photometers, microdensitometers, optical spectrum analyzers.

EG&G Biomolecular
4 Tech Circle
Natick, Massachusetts 01760
(617) 650-1180

DNA sequencer instrument that automates biochemical analysis, or sequencing, or deoxyribonucleic acid of living organisms.

COMPONENTS

EG&G Rotron Group
7 Hasbrouck Lane
Woodstock, New York 12498
(914) 679-2401

Fans and blowers for cooling electronic equipment and for industrial applications. Motors and related drive systems for computer peripherals and industrial machinery.

EG&G Torque Systems
36 Arlington Street
Watertown, Massachusetts 02172
(617) 924-6000
Servo motors, tachometers, power amplifiers, and motor controls.

EG&G Fluid Components Technology Group
15 Pioneet Avenue
Warwick, Rhode Island 02888
(401) 781-4700
Seals and bellows devices from EG&G Sealol used in systems involving engines, motors, gearboxes, pumps, and compressors. Applications in aerospace, marine, military, petrochemical, chemical processing, and other industrial markets. Tensioner systems for manway covers in nuclear plants. Solenoid and mechnical valves from EG&G Wright Components for aerospace and defense applications. Precision metal gaskets for jet engines and flexible ducting for the aircraft industry from EG&G Pressure Science. Formed metal components and assemblies for the aircraft industry from EG&G Aerofab. Precision titanium components for the aerospace industry from EG&G Missouri Metals Shaping Co.

EG&G Electro-Optics Division
35 Congress Street
Salem, Massachusetts 01970
(617) 745-3200
Flashtubes and power supplies for phototypesetters, office copies, laser scribers, and microfilm equipment and for use in stroboscopy, material curing, beaconry and laser-fusion research. Silicon photodiodes and instruments for detecting and measuring light. Instruments and systems to measure optical radiation. Precision timers. Automate light-sensing switches.

EG&G Frequency Products Division
35 Congress Street
Salem, Massachusetts 01970
(617) 745-3200
Precision frequency-control devices for military and some commercial applications. Specifically, rubidium atomic frequency standards, crystals and crystal-based oscellators, precision filers, discriminators, and equalizers.

EG&G Reticon
345 Rotero Avenue
Sunnyvale, California 94086
(408) 738-4266
Signal processing devices for communications, computer, musical instrument, and speech-recognition applications. Modem filters for data communications. Photodiode arrays for optical character recognition and facsimile transmission and image sensors for industrial quality, and process control. Camera sensor systems for industrial automation, robotics, and noncontact measurement inspection, and control.

EG&G Vactec
10900 Page Boulevard
St. Louis, Missouri 63132
(314) 423-4900
Custom, commercial optoelectronic components for street light controls, television brightness controls and slide projectors. Photodiodes used in smoke dectors, cameras and medical and chemical instruments. Sensing devices used in photocopiers, computer peripherals, and industrial controls.

EG&G Alutech, Inc.
132 Sykes Road
Fall River, Massachusetts 02720
(617) 672-2212
Extruded aluminum products, heat sinks for dissipation of heat from electronic components and systems.

EG&G Almond Instruments
1330 East Cypress Street
Covina, California 91724
(818) 967-9521
Power supply and switch mode power units from military and industrial use.

EG&G Frank Hill Associates
100 West 35th Street
Suite 6
National City, California 92050
(619) 425-9841
Heat exchangers and air movers for cooling electronics equipment, primarily for military applications.

CEA Berkleonics
1 Aerovista Park
San Luis Obispo, California 93401
(805) 544-5454
Switching power supplies used with commercial mainframe computers, computer peripherals, microprocessor systems and AC-to-DC constant power sources, and voltage regulators.

EG&G Cirtech
15237 Cherry Street
Shawnee Mission, Kansas 66223
(913) 681-2801
Frequency-control components, including precision filters, discriminators, and equalizers.

EG&G Photon Devices
Salem, Massachusetts
Silicon photodiodes to detect and measure light and other optical radiation.

EG&G Birtcher Industrial Products
4505 North Arden Drive
El Monte, California 91734
(818) 442-2572
Printed circuit board card guides, accessories, and racks and enclosures.

EG&G Wakefield Compcnents
34 & 60 Audubon Road
Wakefield, Massachusetts 01880
(617) 245-5900
Heat exchangers and other heat-transfer units.

CINOX Corporation
4914 Gray Road
Cincinnati, Ohio 45232
(513) 542-5555
Quartz crystals and high-performance crystal-based oscillators for a wide range of government and commercial satellite and telecommunications applications.

EG&G Judson
221 Commerce Drive
Montgomeryville, Pennsylvania 18936
(215) 368-6900
Infrared and fiber-optic components -- detectors, sensors, linear arrays, dewar packages, and preamplifiers. Application of infrared materials including germanium, indium antimonide, indium aresenide, and mercury cadmium telluride.

ENVIRONMENTAL AND BIOMEDICAL TESTING SERVICES

EG&G Automotive Research, Inc.
5404 Bandera Road
San Antonio, Texas 78238-1993
(512) 684-2310
Service to the automotive and petroleum industries and to the federal government by means of mobile and stationary testing of passenger cars, trucks, motorcycles, fuels, lubricants, automotive components, and vehicle emmisions.

EG&G Mason Research Institute, Inc.
57 Union Street
Worcester, Massachusetts 01608
(617) 791-9831
Biomedical research support services. Commercial toxicology and studies in reproductive physiology, anti-cancer agents, and drug abuse. In vivo testing to evalute the effectiveness of products developed for cancer treatment.

EG&G Structural/Kinematics
950 Maplelawn
Troy, Michigan 48084
(313) 643-4622
Computer-aided structural testing of automotive components (fatigue and environmental), design and manufactures mechanical test systems and supporting software.

CUSTOM SERVICES AND SYSTEMS

EG&G Florida, Inc.
412 High Point Drive
Cocoa, Florida 32926
(305) 639-3522
Management of technical operations, administrative services, utilities, facilities, and health and security services at NASA's Kennedy Space Center.

EG&G Washington Analytical Services Center, Inc.
1396 Piccard Drive
Rockville, Maryland 20850
(301) 840-3000
Planning, engineering, management support to U.S. defense, energy, and space programs. Scientific instrumentation and field support on military programs being conducted by the U.S. and by foreign governments. Fire control and guidance systems, software development, shipboard systems development and testing.

EG&G Security Systems
2440 Alamo, S.E.
Albuquerque, New Mexico
(505) 243-2889
Design, engineering and installation of high-technology electronic security systems for government and industrial sites. Management services for risk assessment, avoidance/mitigation analysis, crisis procedures, and training.

EG&G, Inc.
Electronic Components Division
35 Congress Street
Salem, Massachusetts 01970
(617) 745-3200
High-reliability electronic components (thyratrons, sprytrons, krytrons, spark gaps, and over-voltage gaps) and associated assemblies for defense and energy programs.

EG&G Special Projects, Inc.
821 Grier Drive
Las Vegas, Nevada 89119
Technical and field support to Department of Defense agencies.

DEPARTMENT OF ENERGY SUPPORT

EG&G Idaho, Inc.
1955 Fremont Street
Idaho Falls, Idaho 83415
(208) 526-0111
Support to nuclear and non-nuclear programs at the Idaho National Engineering Laboratory. Management and operation of facilities for research and development in reactor safety, materials radiation, fusion safety, and nuclear-waste management.

EG&G Energy Measurements, Inc.
316 East Atlas Circle
Las Vegas, Nevada 89125
(702) 295-5511
Technical and scientific support in nuclear weapons effects testing and in non-nuclear energy programs. Airborne radiation surveillance an dremote sensing.

Reynolds Electrical & Engineering Co., Inc.
2501 Wyandotte Street
P.O. Box 14400
Las Vegas, Nevada 89114
(702) 295-3379
Management and support functions and DOE's Nevada Test Site, and road construction and maintenance, nuclear-waste management, large-diameter and conventional drilling, mining and tunneling, radiation monitoring, medical and health care, communications, occupational safety, fire protection, and dosimetry and fall-out research.

INVESTMENTS

EG&G Ventures, Inc.
700 East El Camino Real
Suite 270
Mountain View, California 94040
(415) 967-2822
A private business development organization emphasizing venture capital type investments in seeking above-average capital appreciation through marketable and non-marketable securities, common and preferred stocks in small technology companies, venture capital limited partnerships, and other business entities.

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: EGG

Number of Employees:

1988	25,000	1985	23,000
1987	23,000	1984	22,000
1986	23,000		

Plant Footage:

1988	4,425,000 sq. ft.	1985	N.A.
1987	4,100,000	1984	3,800,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings x

	Net Sales ‡	Net Income
1988	$ 1,406,280,000	$ 68,657,000
1987	1,264,843,000	57,541,000
1986	1,190,288,000	47,948,000
1985	1,197,808,000	59,495,000
1984	1,113,242,000	55,654,000

	No. of Com. Shares +	Earn. per Share +
1988	68,657,000	$ 2.30
1987	57,541,000	1.92
1986	47,948,000	1.61
1985	N.A.	2.03
1984	N.A.	1.80

N.A. - Not Available.
x Restated to include operations of Astrophysics Research Corporation and Scanray International, Inc., acquired on a pooling of interest basis.
‡ Includes contract revenues.
+ Based on the weighted average number of common shares outstanding.

Revenues by Line of Business

	1988	1987
Instruments	$ 150,680,000	$ 144,920,000
Components	221,879,000	192,488,000
Technical services	234,328,000	194,748,000
Aerospace	120,066,000	108,803,000
Defense	235,619,000	225,500,000
Dept. of energy support	443,708,000	398,384,000
Total	$ 1,406,280,000	$ 1,264,843,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.60	—	—
1987	0.56	—	
1986	0.52	—	—
1985	0.48	—	—
1984	0.40	—	—

Common Stock Equity x

	Total Equity	Equity Per Share #
1988	$ 332,347,000	$ 4.84
1987	285,879,000	5.24
1986	247,914,000	5.17
1985	211,932,000	—

x Restated.
# Based on the weighted average number of common shares outstanding.

Income Account *
(000's)

Year ended	1/1/89	1/3/88‡
Net sales & contract revenues	$ 1,406,280	$ 1,264,843
Cost of sales	1,138,936	1,023,765
Expenses	169,334	159,344
Other expense (income)	624	(3,023)
Income before taxes	$ 97,386	$ 84,757
Income taxes	28,729	27,216
Net Income	$ 68,657	$ 57,541

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $24,626,000 in 1988 and $21,937,000 in 1987.

Assets
(000's)

As of	1/1/89	1/3/88‡
Cash & cash equiv.	$ 41,949	$ 34,491
Accts. receiv., net	201,803	178,165
*Inventories	100,861	88,345
Other curr. assets	19,767	22,251
Current Assets	$ 364,380	$ 323,252
Investments	62,833	106,399
#Fixed assets	68,437	60,174
Intangibles & other assets	43,613	49,801
Total Assets	$ 539,263	$ 539,626

Liabilities
(000's)

Short-term debt	$ 34,182	$ 59,850
Accts. payable	50,960	49,475
Accruals	88,085	97,641
Curr. Liabilities	$ 173,227	$ 206,966
Long-term debt	14,843	23,280
Deferred inc. taxes	8,780	14,058
Other liabilities	10,066	9,443
+Common stock	30,052	30,060
Add. paid-in capital	5,994	9,194
Retained earnings	298,166	248,836
Cum. trans. adjust.	(571)	(45)
Treasury stock	(1,294)	(2,166)
Total Liabilities & Shareholders' Equity	$ 539,263	$ 539,626

‡ Restated.
+ At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.93	6.70
%Net Income to Sales	4.88	4.55
%Net Income to Equity	20.66	20.13
Debt to Equity	0.15	0.29
Working Capital	$ 191,153,000	$ 116,286,000
Current Ratio	2.10	1.56
Shareholders' Equity	$ 332,347,000	$ 285,879,000

E-H International, Inc.

696 East Trimble Road
San Jose, California 95131
(408) 435-2677

Officers: Reginald R. Kearton, chairman, chief executive & financial officer; Kenneth S. Carey, corporate secretary; John T. Sines, controller, asst. secretary & president-Mini Computer Technology, Inc..

Directors: Kenneth S. Carey, Reginald R. Kearton, James P. Roche.

Areas of Work: Through its subsidiary, Mini Computer Technology, the Company designs, manufactures and markets computer peripheral controllers which interface OEM minicomputers and microcomputers to a wide variety of disk and tape memory storage devices; also designs, manufactures and markets ruggedized 5-1/4 inch Winchester disks, and solid state SMD/E emulating mass memory disks.

Subsidiary:

Mini Computer Technology, Inc.
696 East Trimble Road
San Jose, California 95131

Transfer Agent(s):

Bank of America
55 Hawthorne Street, 8th Floor
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	20	1985	N.A.
1987	16	1984	238
1986	21		

Plant Footage:

1988	10,000 sq. ft.	1985	N.A.
1987	8,000	1984	83,950
1986	8,000		

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income †
1988	$ 2,167,000	$ (191,000)
1987	1,898,000	(493,000)
1986	1,161,000	(2,970,000)
1985	1,808,000	(1,579,000)
1984	2,515,000	2,222,000

	No. of Com. Shares #	Earn. per Share †#
1988	4,302,000	$ —
1987	4,302,000	—
1986	3,880,000	—
1985	3,243,000	—
1984	3,511,000	0.69

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $220,000 in 1986.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ (2,377,000) †	$ —
1987	(2,186,000) †	—
1986	(1,693,000)	—
1985	791,000	0.24
1984	2,358,000	0.67

(Deficiency)
† After allowing for preferred stock at stated value.
# Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net revenues	$ 2,167	$ 1,898
Cost of revenues	944	922
Expenses	1,209	1,238
Interest expense	205	99
Loss-cont. oper.	$ (191)	$ (361)
Loss discont. oper.	—	(132)
Net Loss	$ (191)	$ (493)

* Included in Costs and Expenses, Depreciation and Amortization: $95,000 in 1988 and $126,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash	$ 45	$ 34
Receiv. net	348	145
*Inventories	97	108
Prepaid expenses	33	13
Notes receivable	—	104
Receiv. from officer	5	—
Current Assets	$ 528	$ 404
#Fixed assets	92	149
Other assets	10	37
Intangibles	121	152
Total Assets	$ 751	$ 742

Liabilities
(000's)

	1988	1987
Bank overdraft	$ 35	$ 35
Notes payable & long-term debt. curr.	52	62
Accts. payable	854	684
Accrued payroll	51	35
Accrued expenses	234	218
Curr. Liabilities	$ 1,226	$ 1,034
Long-term debt	675	678
Net liab. of discont. oper.	373	362
+Preferred stock	854	854
++Common stock	5,394	5,394
Accumulated deficit	(7,771)	(7,580)
Total Liabilities & Shareholders' Equity	$ 751	$ 742

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ 10% redeemable convertible.
++ No par value.

EIP Microwave, Inc.

4500 Campus Drive, Suite 235
Newport Beach, California 92660
(714) 724-1666

Officers: John F. Bishop, chairman of the board & treasurer; Mark K. Howlett, vice chairman of the board; Jeffrey B. Bryant, president; Jonathan W. Clem, v.p.-finance and administration & asst. secretary; Stanley J. Brock, v.p.-sales; Mark D. Roos, v.p.-engineering, research & development; Robert W. Austin, v.p.-operations; Sharon F. Lloyd, secretary.

Directors: John F. Bishop, Mark K. Howlett, J. Bradford Bishop, Robert D. Johnson, John C. Metzger, James J. Shelton, J. Sidney Webb.

Areas of Work: Develops, manufactures and markets electronic test instrumentation, including automatic microwave frequency counters and signal sources, for the defense and telecommunications industries.

Joint Venture:

EIP/Cushman, Inc. (50% owned)

Transfer Agent(s):

First Interstate Bank
Stock Transfer Department
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EIPM (NASDAQ)

Number of Employees:

1987	145
1986	N.A.
1985	201
1984	236
1983	208

N.A. - Not Available.

Plant Footage:

1987 . . . . 51,300 sq. ft.

Sales & Earnings

	Net Sales ‡	Net Income ‡ +
1987	$ 18,826,000	$ 310,000
1986	20,163,000	361,000
1985	20,293,000	759,000
1984	20,559,000	1,823,000
1983	18,369,000	1,528,000

	No. of Com. Shares †	Earn. per Share # +
1987	2,190,535	$ 0.14
1986	2,183,187	0.16
1985	2,182,339	0.34
1984	2,210,816	0.80
1983	2,263,866	0.66

‡ Of continuing operations only.
+ Including extraordinary gain of $48,000 ($0.02 per share) in 1986.
† Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.12	—	—
1986	0.12	—	
1985	0.12	—	—
1984	0.10	—	—
1983	0.08	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 6,289,000	$ 2.87
1986	6,217,000	2.85
1985	6,137,000	2.81
1984	6,106,000	2.76
1983	5,218,000	2.30

‡ Adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 18,826,000	$ 20,163,000
Cost of sales	9,347,000	10,034,000
Expenses	9,059,000	9,563,000
Interest expense	56,000	188,000
Income before taxes	$ 364,000	$ 378,000
Income taxes	54,000	65,000
Net Income	$ 310,000	$ 313,000
Extraordinary gain	—	48,000
Net Income & extraord. gain	$ 310,000	$ 361,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,051,000 in 1987 and $911,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 1,425,000	$ 21,000
Accts. receiv., net	2,459,000	4,184,000
*Inventories	3,349,000	3,703,000
Prepaid expenses	133,000	142,000
Current Assets	$ 7,366,000	$ 8,050,000
#Fixed assets	2,828,000	3,168,000
Other assets & investments	239,000	299,000
Total Assets	$ 10,433,000	$ 11,517,000

Liabilities

	1987	1986
Short-term debt	$ 83,000	$ 1,150,000
Accounts payable	615,000	562,000
Accruals	994,000	1,253,000
Income taxes	470,000	322,000
Curr. Liabilities	$ 2,162,000	$ 3,287,000
Long-term debt	1,417,000	1,500,000
Deferred income taxes	517,000	447,000
Deferred gain on sale	48,000	66,000
+ Common stock	22,000	777,000
Add. paid-in capital	782,000	—
Retained earnings	5,485,000	5,440,000
Total Liabilities & Shareholders' Equity	$ 10,433,000	$ 11,517,000

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

	1987	1986
%Income before Taxes to Sales	1.93	1.87
%Net Income to Sales	1.65	1.55
%Net Income to Equity	4.93	5.03
Sales to Inventories	5.62	5.45
Debt to Equity	0.24	0.43
Working Capital	$ 5,204,000	$ 4,763,000
Current Ratio	3.41	2.45
Shareholders' Equity	$ 6,289,000	$ 6,217,000

Eldec Corporation

16700 13th Avenue West
P.O. Box 100
Lynnwood, Washington 98046-0100
(206) 743-1313

Officers: Max E. Gellert, chairman of the board & chief executive officer; Bruno Strauss, president & chief operating officer; Thomas K. Brown, exec. v.p., chief financial officer & secretary; Harold R. Grimm, sr. v.p.-Power and Sensing Systems Group; Richard G. Behrens, v.p.-business development; Robert A. Brown, v.p.-technology and central operations; Robert J. Concannon, v.p.-Monitor and Control Division; Phillip H. Lorenzen, v.p. & treasurer; Richard N. Simmons, v.p.-Sensing Systems Division; John H. Vicklund, v.p.-industrial relations; H. Bruce Faires, v.p.-display products; Dan A. Schimelpfenig, v.p.-Power Conversion Division.

Directors: Max E. Gellert, chairman; Thomas K. Brown, Donald W. Close, Richard E. Engebrecht, Robert J. Gellert, Lawrence L. Mayhew, Glenn M. Mueller, Bruno Strauss.

Areas of Work: Custom designs and manufactures electronic and electromechanical products for aerospace, defense and industrial applications. Principal products include proximity sensing systems for commercial and military aircraft, and custom power supplies for U.S. military aircraft.

Divisions:

Power Conversion Division
Monitor and Control Division
Sensing Systems Division

Transfer Agent(s):

First Interstate Bank Ltd.
P.O. Box 54261
Terminal Annex
Los Angeles, California 90054

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELDC (NASDAQ)

Number of Employees:

1988 1,500   1987 1,600

Sales & Earnings

	Net Sales +	Net Income
1989	$ 97,647,000	$ 10,748,000
1988	92,466,000	5,877,000
1987	89,927,000	5,528,000
1986	76,111,000	4,653,000
1985	61,100,000	2,509,000

	No. of Com. Shares	Earn. per Share ‡
1989	5,414,755	$ 2.00
1988	5,181,606	1.10
1987	5,159,556	1.07
1986	4,413,521	1.05
1985	4,412,996	0.57

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1989	1988
Manufacturing	$ 84,154,000	$ 82,500,000
Engineering	13,493,000	9,966,000
Total	$ 97,647,000	$ 92,466,000

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 55,252,000	$ 10.20
1988	49,050,000	9.47
1987	43,101,000	8.35
1986	29,189,000	6.61
1985	24,535,000	5.56

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended	3/26/89	3/27/88
Net sales	$ 97,647	$ 92,466
Cost of sales	57,803	54,898
Expenses:		
Res. & develop.	5,446	5,158
Selling	5,216	5,291
Gen. & adm.	21,678	20,296
Interest expense	1,218	1,279
Interest income	(735)	(383)
Share of joint venture loss	103	—
Income before taxes	$ 6,918	$ 5,927
Income taxes	2,332	2,022
Inc. - cont. oper.	$ 4,586	$ 3,905
Inc. - discont. oper.	6,162	861
Cum. effect of acct. change	—	1,111
Net Income	$ 10,748	$ 5,877

* Included in Costs and Expenses, Depreciation and Amortization: $3,424,000 in 1989 and $2,906,000 in 1988.

Assets
(000's)

As of	3/26/89	3/27/88
Cash & cash invest.	$ 7,788	$ 5,103
Accts. receiv., net	19,503	17,975
Contract eng. in process	3,920	4,578
*Inventories	21,207	19,361
Deferred inc. taxes	1,424	—
Other curr. assets	553	380
Current Assets	$ 54,395	$ 47,397
#Fixed assets	30,492	27,221
Invest. in unconsol. subsid.	1,042	250
Net assets of Transducers	—	4,896
Total Assets	$ 85,929	$ 79,764

Liabilities
(000's)

Long-term debt, curr.	$ 703	$ 181
Accts. payable	3,450	3,004
Adv. from cust.-uncompleted contracts	746	3,072
Accrued compensation	8,106	7,171
Est. fut. warranty costs	1,078	844
Income taxes	709	700
Other accrued taxes	1,196	1,195
Curr. Liabilities	$ 15,988	$ 16,167
Long-term debt	9,299	10,002
Deferred inc. taxes	4,645	3,796
Other liabilities	745	749
+Common stock	271	259
Add. paid-in capital	10,726	9,870
Retained earnings	44,255	38,921
Total Liabilities & Shareholders' Equity	$ 85,929	$ 79,764

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Net Income to Equity	19.45	11.98
Sales to Inventories	4.60	4.78
Debt to Equity	0.18	0.21
Working Capital	$ 38,407,000	$ 31,230,000
Current Ratio	3.40	2.93
Shareholders' Equity	$ 55,252,000	$ 49,050,000

Electro Audio Dynamics, Inc.

3000 Marcus Avenue
Lake Success, New York 11042
(516) 354-5353

Officers: Martin Bader, chairman of the board & chief exec. officer; Robert P. Laino, sr. v.p.-finance; Andrew J. Bernardo, v.p. & controller; John A. Moore, secretary.

Directors: Martin Bader, chairman; Michael Bader, John A. Moore.

Areas of Work: Manufactures electrical products including indoor TV and FM antennas, sound measuring equipment and medical instrumentation.

Divisions and Subsidiaries:

Technodyne Inc. (81.5% owned)

American Electromedics Corp. (55% owned)
13 Sagmore Park Road
Hudson, New Hampshire 03051
(617) 263-3986

Manufactures and markets medical instruments, including impedance audiometers (diagnostic instruments used in the detection of ear diseases); precision power supply instruments, and sound measuring devices.

All Channel Products
98 Cutter Mill Road
Great Neck, New York 11021
(516) 482-9393

Produces indoor television and FM antennas and marketed under the trade name 'Rembrandt' as well as under the private name of certain customers.

Action Drug Company, Inc.
New Castle, Delaware

Distributes health and beauty aid products to retailers throughout the country.

Transfer Agent(s):

United States Trust Company of New York
45 Wall Street
New York, New York 10005

J. Henry Schroder Bank & Trust Company
1 State Street
New York, New York 10015

American Stock Transfer Company
New York, New York

Shawmut Worcester County Bank, N.A.

Stock Exchange(s): Boston

Ticker Symbol: EAD

Number of Employees:

1987 174   1986 65

Plant Footage:

1987 . . . . 194,000 sq. ft. 1986 387,000

Sales & Earnings

	Net Sales+	Net Income†
1987	$ 105,309,000	$ (1,139,000)
1986	3,194,000	(8,326,000)
1985	3,786,000	(6,582,000)
1984	3,858,000	169,000
1983	8,226,000	(759,000)

	No. of Com. Shares#	Earn. per Share#†
1987	7,300,147	$ —
1986	4,211,134	—
1985	2,989,557	—
1984	2,714,220	0.05
1983	2,027,628	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $266,000 in 1985, $151,000 ($0.06 per share) in 1984 and $2,151,000 in 1983.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity‡	Equity Per Share+
1987	$ (6,400,000)	$ —
1986	(5,793,000)	—
1985	1,445,000	0.48
1984	6,396,000	2.36
1983	5,853,000	2.89

(Deficiency)
‡ After allowing for preferred stock at par value.
+ Based on the average number of common shares and common share equivalents outstanding.

Electro Audio Dynamics, Inc.

Income Account
(000's)

Year ended	8/1/87	8/2/86
Net sales	$ 105,309	$ 3,194
Cost of sales	95,251	2,204
Expenses	8,618	3,770
Depreciation	129	75
Interest expense	3,727	2,218
Interest income	(441)	(65)
Eq. in loss on subsid.	330	214
Loss before taxes	$ (2,305)	$ (5,222)
Income taxes	130	69
Minority interest	190	(1,231)
Loss-cont. oper.	$ (2,625)	$ (4,060)
Inc. (loss)- discont. oper.	1,486	(4,266)
Net (Loss)	$ (1,139)	$ (8,326)

Assets
(000's)

As of	8/1/87	8/2/86
Cash	$ 2,307	$ 560
Accts. & notes receiv., net	16,434	1,228
Due from sale of subsid.	231	5,275
*Inventories	23,054	2,003
Prepaid expenses	138	398
Current Assets	$ 42,164	$ 9,464
Notes receiv. -	5,000	3,080
Est. realiz. value of discont. oper.	—	1,790
Invest. in unconsol. subsid.	862	—
#Fixed assets	784	1,612
Other assets	595	544
Intangibles	2,575	1,863
Total Assets	$ 51,980	$ 18,353

Liabilities
(000's)

Notes payable	$ —	$ 206
Long-term debt, curr.	39,711	9,393
Accts. payable	11,300	802
Accruals	2,439	923
Curr. Liabilities	$ 53,450	$ 11,324
Long-term debt	1,859	2,550
Notes payable	—	5,782
Sub. conv. deben.	—	1,752
Other liabilities	2,703	2,370
+Preferred stock	368	368
++Common stock	95	1,774
Add. paid-in capital	20,789	18,571
Retained earnings (deficit)	(23,375)	(22,229)
Treasury stock	(3,909)	(3,909)
Total Liabilities & Shareholders' Equity	$ 51,980	$ 18,353

* At lower of cost (weighted average) or market.
# Less accumulated depreciation.
+ $100 par value; 8% cumulative convertible.
++ $0.01 par value in 1987; $0.25 in 1986.

Statistical Summary

Sales to Inventories	4.57	1.59
Shareholders' Equity (Deficiency)	$ (6,032,000)	$ (5,425,000)

Electrohome Limited

809 Wellington Street, North
Kitchener, Ontario N2G 4J6 Canada
(519) 744-7111

Officers: J.A. Pollock, chairman of the board, president & chief executive officer; W.D. McGregor, v.p.-Electrohome & pres.-Electrohome Communications; J.G. Gingerich, v.p.-finance; H.H. LaPier, v.p.-Electrohome & group v.p.-Motors; W.M. Nobbs, v.p.-Electrohome & group v.p.-Electronics; J.R. Boehmer, dir.-human resources; R.D. Bolden, secretary & asst. treasurer.

Directors: J.A. Pollock*, chairman; Barbara L. Steele, G.S. Dembroski*, W.A. Moeser, R.J. Collins-Wright*, D.T. Wright*, W.A. Bean, Thomas H. Thomson.

* Member of the Executive Committee

Areas of Work: Manufactures industrial electronics products, including data display monitors, professional color and black-and-white video surveillance monitors, high resolution color monitors, color computer graphics video displays, custom video displays, large screen monochrome and color data/graphics video displays, and single- and double-sided printed circuit boards. Other industrial products include sub-fractional horsepower motors, packaged motor products, and metal stamping and fabricating. Also engaged in television advertising, television commercial production, radio advertising, radio commercial production and the production of "video only" commercials.

Divisions:

Electronics Division
Motor Division

Subsidiaries:

Electrohome Communications Limited
809 Wellington Street North
Kitchener, Ontario, Canada
(519) 744-7111

CAP Communications Limited
864 King Street West
Kitchener, Ontario, Canada
(519) 578-1313

The Brinkley Motor Products Company
Brinkley, Arkansas
Manufactures AC fractional horsepower motors.

Acquisition:

Sunwapta Broadcasting
Edmonton, Alberta, Canada
Engaged in radio and television broadcast operations.

Transfer Agent(s):

Montreal Trust Company (common shares)
Toronto, Montreal & Winnipeg, Canada

National Trust Company Limited (preferred shares)
Toronto, Montreal, Winnipeg & Vancouver, Canada

Stock Exchange(s): Toronto

Ticker Symbol: EL

Number of Employees:

1988	1,715	1985	2,190
1987	1,958	1984	2,269
1986	2,185		

Sales & Earnings

	Net Sales +	Net Income #
1988	$ 162,477,000	$ 2,197,000
1987	122,137,000	(5,280,000)
1986	125,126,000	(1,872,000)
1985	N.A.	3,988,000
1984	N.A.	1,180,000

	No. of Com. Share ‡	Earn. per Share #‡
1988	5,463,000	$ 0.40
1987	5,430,000	—
1986	5,427,000	—
1985	5,409,000	0.73
1984	5,400,000	0.17

(Loss)
N.A. - Not available.
+ Of continuing operations only.
# Including extraordinary gains of $4,722,000 ($0.87 per share) in 1988, $1,387,000 ($0.26 per share) in 1985, $1,350,000 ($0.21 per share) in 1984, and extraordinary loss of $363,000 in 1987.
‡ Based on the weighted average number of Class-X, Class-Y, and common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.10	—	—
1987	0.10	—	
1986	0.10	—	—
1985	0.10	—	—
1984	0.10	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1988	$ 28,351,000	$ 5.19
1987	26,569,000	4.89
1986	32,444,000	5.98
1985	34,822,000	6.44
1984	31,425,000	5.81

‡ After allowing for preferred stock at par value.

Income Account
(000's)

Year ended	12/30/88	12/25/87
Net sales	$ 162,477	$ 122,137
Cost of sales & expenses	145,943	111,990
Res. & develop.	5,031	5,252
Depreciation and amortization	5,112	3,634
Interest expense	6,316	1,756
Royalty income	(619)	(555)
CTV spec. assess.	505	812
Inc. (loss) bef. taxes	$ 189	$ (752)
Income taxes	2,306	3,093
Loss - cont. oper.	$ (2,117)	$ (3,845)
Loss - discont. oper.	(408)	(1,072)
Net Loss	$ (2,525)	$ (4,917)
Extraord. items	4,722	(363)
Net Loss & extraord. items	$ 2,197	$ (5,280)

Assets
(000's)

As of	12/30/88	12/25/87
Accts. receiv., net	$ 32,188	$ 32,061
*Inventories	18,270	16,718
Recov. inc. taxes	—	530
Film & prog. rights	6,155	2,277
Prepaid expenses	2,976	1,101
Net assets-discont. oper.	249	498
Current Assets	$ 59,838	$ 53,185
#Fixed assets	32,900	24,780
Deferred income taxes	828	544
Broadcast license	31,758	—
Intangibles	1,351	1,412
Other assets	4,066	3,638
Total Assets	$ 130,741	$ 83,559

Liabilities
(000's)

Long-term debt, curr.	$	541	$	1,919
Accts. pay. & accruals		22,246		20,040
Bank advances		17,351		21,937
Inc. taxes payable		196		—
Net liab.- discont. oper.		684		1,480
Curr. Liabilities	$	41,018	$	45,376
Long-term debt		59,814		9,679
Deferred for. exch.		174		—
Net liab.- discont. oper.		674		1,185
+Preferred stock		710		750
++Class X & Class Y		6,774		6,576
Retained earnings		21,577		19,993
Total Liabilities & Shareholders' Equity	$	130,741	$	83,559

* At lower of cost & replacement cost or net realizable value.
# Less accumulated depreciation.
+ $100 par value; 5.75% cumulative.
++ No par value.

Statistical Summary

Sales to Inventories		8.89		7.31
Debt to Equity		2.08		0.42
Working Capital	$	18,820,000	$	7,809,000
Current Ratio		1.46		1.17
Shareholders' Equity	$	29,061,000	$	27,319,000

Electromagnetic Sciences, Inc.

P.O. Box 7700
660 Engineering Drive, Technology Park/Atlanta
Norcross, Georgia 30092
(404) 448-5770

Officers: John E. Pippin, chairman of the board & chief executive officer; Thomas E. Sharon, president & chief operating officer; Joseph W. Simon, sr. vice president; William K. Alverson, vice president; Bruce R. Savage, vice president; Gordon R. Harrison, vice president; W. Douglas McDowell, vice president; Don T. Scartz, v.p.-finance, treasurer & secretary; T. Gerald Hickman, vice president.

Directors: John E. Pippin, chairman; Joseph W. Simon, Henry A. Bronner, William L. Davenport, Richard V. Holsinger, Jerry H. Lassiter, John B. Mowell, Thomas E. Sharon, William F. Evans.

Areas of Work: Designs and produces microwave components, microwave subsystems, and radio-linked data terminals for the communications and related industries. These products are sold primarily to manufacturers of communications, radar, electronic countermeasures, surveillance, or similar electronic systems, and to companies using computer-controlled materials handling systems.

Subsidiaries:

Gamma-f Corporation
Torrance, California
Uses electroforming techniques to fabricate components for microwave systems.

LXE Inc.
Norcross, Georgia
Supplies radio-linked data communications systems to the materials handling market.

Acquisition:

L.J. Ricardi, Inc.
Torrance, California
Engineering consulting firm.

Transfer Agent(s):

Trust Company Bank
Atlanta, Georgia

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELMG (NASDAQ)

Number of Employees:

1988	700	1986	750
1987	860		

Plant Footage:

1988	329,000 sq. ft.	1986	277,000
1987	299,000	1985	177,000

Sales & Earnings

		Net Sales		Net Income
1988	$	67,080,416	$	7,487,156
1987		65,172,629		6,806,765
1986		47,952,000		5,478,592
1985		33,344,294		4,291,278
1984		25,258,501		3,397,345

	No. of Com. Shares #		Earn. per Share #
1988	7,116,486	$	1.05
1987	7,309,886		0.93
1986	7,290,754		0.75
1985	7,150,824		0.60
1984	7,050,431		0.48

# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	3-for-2
1985	—	—	4-for-3
1984	—	—	—

Common Stock Equity

		Total Equity		Equity Per Share +
1988	$	43,369,386	$	6.09
1987		35,544,750		4.86
1986		30,159,778		4.14
1985		24,465,075		3.42
1984		19,815,695		2.81

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account*

Year ended Dec. 31		1988		1987
Net sales	$	67,080,416	$	65,172,629
Cost of sales		39,455,368		40,857,595
Expenses		16,012,250		12,529,872
Interest income		(442,997)		(574,947)
Interest expense		148,639		312,344
Income before taxes	$	11,907,156	$	12,047,765
Income taxes		4,420,000		5,241,000
Net Income	$	7,487,156	$	6,806,765

* Included in Costs and Expenses, Depreciation and Amortization: $3,772,790 in 1988 and $2,868,338 in 1987.

Assets

As of Dec. 31		1988		1987
Cash	$	996,125	$	3,068,432
Marketable securities		15,000,000		6,700,000
Receiv., net		12,191,231		16,377,782
*Inventories		4,001,153		2,417,625
Def. inc. tax benefit		450,000		—
Current Assets	$	32,638,509	$	28,563,839
#Fixed assets		29,024,074		27,233,039
Other assets		780,937		635,868
Total Assets	$	62,443,520	$	56,432,746

Liabilities

Long-term debt, curr.	$	143,652	$	130,212
Accts. payable		2,002,603		3,748,290
Accruals		4,116,778		4,250,049
Income taxes		1,147,783		1,396,336
Curr. Laibilities	$	7,410,816	$	9,524,887
Long-term debt		8,619,477		8,760,935
Deferred inc. taxes		2,723,217		2,438,217
Other liabilities		320,624		163,957
+Common stock		707,662		698,097
Add. paid-in capital		10,123,774		9,795,859
Retained earnings		32,537,950		25,050,794
Total Liabilities & Shareholders' Equity	$	62,443,520	$	56,432,746

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales		17.75		18.49
%Net Income to Sales		11.16		10.44
%Net Income to Equity		17.26		19.15
Sales to Inventories		16.77		26.96
Debt to Equity		0.20		0.25
Working Capital	$	25,227,693	$	19,044,185
Current Ratio		4.40		3.00
Shareholders' Equity	$	43,369,386	$	35,544,750

Electronic Associates, Inc.

185 Monmouth Parkway
West Long Branch, New Jersey 07764
(201) 229-1100

Officers: William R. Smart, chairman of the board; Robert G. Finney, president & chief exec. officer; Louis J. Tedeschi, v.p.-finance, treasurer & secretary; James P. Tarlton, v.p.-field service; Otis C. Wright, Jr., v.p.-simulation computers; Gary L. Long, v.p.-contract mfg.; Clinton C. Plietz, corp. controller.

Directors: Robert G. Finney, John L. Helm, Hilliard W. Paige, William R. Smart, Herbert I. Fusfeld, Kenneth P. Johnson, Fred L. Martinson.

Areas of Work: Develops and manufactures computer systems used in dedicated and general-purpose simulation applications for training and advanced research and development studies. Products and services include computers used for real-time simulation contract manufacturing.

Divisions and Subsidiaries:

EAI-Electronic Associates (Japan), Inc.
9th Mori Building
1-3 Shiba-Atago-cho-, Minato-Ku
Tokyo, Japan 105

Transfer Agent(s):

Manufactures Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: EA

Number of Employees:

1988	412	1985	492
1987	451	1984	719
1986	408		

Plant Footage:

1988	174,000 sq. ft.	1985	174,000
1987	174,000	1984	174,000
1986	174,000		

Electronic Associates, Inc.

Sales & Earnings x

	Net Sales +	Net Income †
1988	$ 45,627,000	$ 153,000
1987	32,556,000	222,000
1986	28,130,000	553,000
1985	33,707,000	1,499,000
1984	38,620,000	(10,508,000)

	No. of Com. Shares	Earn. Per Share † #
1988	2,862,640	$ 0.05
1987	2,862,640	0.08
1986	2,862,640	0.19
1985	2,845,565	0.53
1984	2,844,565	—

(Loss)
x Restated to reflect a quasi-reorganization of the company.
+ Includes income from sales and service.
† Including extraordinary gain of $1,291,000 ($0.46 per share) in 1985.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1988	1987	1986	1985
Simulation computers	34 %	43 %	47 %	42 %
Field service	32	30	34	27
Utility & energy measure systems	—	—	—	13
Mfg. subcontracts	34	27	19	18
Total	100 %	100 %	100 %	100 %

Common Stock Equity‡

	Total Equity	Equity Per Share
1988	$ 8,881,000	$ 3.10
1987	8,817,000	3.08
1986	10,309,000	3.60
1985	9,292,000	3.27

‡ Restated.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Net sales, service & rentals	$ 42,709	$ 32,556
Cost of sales, service & rentals	33,123	24,735
Expenses	8,682	7,518
Cost of patent settle.	327	—
Interest expense	448	203
Other income	(147)	(321)
Inc. bef. taxes	$ 276	$ 421
Income taxes	123	199
Net Income	$ 153	$ 222

‡ Restated.
* Included in Costs and Expenses, Depreciation: $764,000 in 1988 and $736,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash	$ 1,553	$ 443
Marketable securities	500	1,000
Receivables, net	10,575	9,165
*Inventories	6,354	6,658
Prepaid expenses	189	184
Current Assets	$ 19,171	$ 17,450
#Fixed assets	2,858	2,979
Other assets	202	184
Total Assets	$ 22,231	$ 20,613

Liabilities
(000's)

Long-term debt, curr.	$ [illegible]3	$ 1,055
Notes payable	[illegible]0	1,000
Accts. payable	[illegible],825	1,890
Accruals	2,330	3,341
Other liabilities	320	73
Curr. Liabilities	$ 9,303	$ 7,359
Long-term debt	2,351	3,212
Oblig. under cap. leases	148	154
Accrued retire. benefits	1,042	1,071
Accrued cost of patent settle.	506	—
+ Common stock	2,863	2,863
Add. paid-in capital	5,090	5,179
Retained earnings	928	775
Total Liabilities & Shareholders' Equity	$ 22,231	$ 20,613

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.65	1.29
%Net Income to Sales	0.36	0.68
%Net Income to Equity	1.72	2.48
Sales to Inventories	6.72	4.89
Debt to Equity	0.49	0.60
Working Capital	$ 9,868,000	$ 10,091,000
Current Ratio	2.06	2.37
Shareholders' Equity	$ 8,881,000	$ 8,817,000

Electronic Control Systems, Inc.

Post Office Box 2650
Fairmont, West Virginia 26554
(304) 363-8690

Officers: Michael E. Basile, president; Robert E. Harkins, vice president; Leo F. Modi, secretary and treasurer.

Directors: Michael E. Basile, Leo F. Modi, Robert E. Harkins, William R. Newlin, Paul L. Bourdeau.

Areas of Work: Manufactures a line of temperature and power controls from a simple control loop to fabrication of complete panel systems, with all necessary instrumentation including controllers, power units, switchgear, alarm functions, computer back-up, recorders, and annunciators engineered and/or custom-designed to customers' specifications. Major markets are manufacturers of electric furnaces, electric ovens, synthetic fibers, glass, fiberglass, semi-conductor, plastic extruding and molding machinery.

Subsidiaries:

MiLo Technology, Inc. (83.94%-owned)
Pittsburgh, Pennsylvania
Designs and markets computer interface equipment for use in the control of, and communication in, industrial processes.

Fairmont Building and Investment Company (55%-owned)

Transfer Agent(s):

Mellon Bank, N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELCS (NASDAQ)

Number of Employees:

1988	75	1986	85
1987	66	1985	85

Plant Footage:

1988	40,500 sq. ft.	1986	40,500
1987	40,500	1985	40,500

Sales & Earnings

	Net Sales +	Net Income
1988	$ 4,212,478	$ (10,693)
1987	3,497,291	(242,914)
1986	3,639,327	12,256
1985	4,737,869	266,774
1984	4,001,934	120,043

	No. of Com. Shares	Earn. per Share #
1988	895,689	$ —
1987	900,697	—
1986	900,711	0.01
1985	892,227	0.28
1984	885,250	0.13

(Loss)
+ Includes other operating revenues.
# Based on the weighted average number of common shares outstanding.

Revenues By Line of Business

	1988	1987	1986	1985
Temp. control devices	31 %	35 %	38 %	43 %
SCR power supply devices	49	46	31	40
Alarm systems	12	12	19	14
Spare parts	8	7	12	3
Total	100 %	100 %	100 %	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.05	—	
1986	0.05	—	—
1985	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 1,950,500	$ 2.18
1987	1,936,730	2.15
1986	2,224,702	2.47
1985	2,244,021	2.52
1984	1,998,761	2.26

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 4,176,917	$ 3,455,300
Other income	50,075	52,886
Loss on eq. in subsid.	(14,514)	(10,895)
Total income	$ 4,212,478	$ 3,497,291
Cost of sales	3,090,355	2,833,147
Expenses	1,061,735	930,211
Interest expense	67,081	46,689
Loss bef. taxes	$ (6,693)	$ (312,756)
Income taxes (credit)	4,000	(69,842)
Net Loss	$ (10,693)	$ (242,914)

* Included in Costs and Expenses, Depreciation and Amortization: $105,252 in 1988 and $114,110 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 87,679	$ 124,489
Marketable securities	166,467	189,218
Accts. receiv., net	959,070	517,442
Income taxes	6,726	100,484
Due from affiliates	2,908	61,067
*Inventories	1,395,078	1,156,387
Prepaid expenses	22,450	38,147
Current Assets	$ 2,640,378	$ 2,187,234
Note receivable	58,159	—
Investments	225,696	240,210
#Fixed assets	375,604	402,354
Intangibles	463	2,315
Cash value - funded deferred compensation	31,134	31,134
Deferred taxes	3,500	—
Other assets	—	11,962
Total Assets	$ 3,334,934	$ 2,875,209

Liabilities

Notes payable	$ 781,700	$ 557,700
Cap. lease oblig., curr.	15,727	18,587
Accts. payable	372,227	206,850
Customer deposits	41,499	—
Inc. taxes payable	7,500	—
Accruals	140,358	105,235
Other liabilities	—	8,956
Curr. Liabilities	$ 1,359,011	$ 897,328
Cap. lease oblig., curr.	—	15,728
Deferred compensation	31,134	31,134
Minority interest	(5,711)	(5,711)
+Common stock	98,036	98,036
Add. paid-in capital	1,381,940	1,381,940
Retained earnings	592,849	603,542
Treasury stock	(107,196)	(100,619)
Amts. receiv. from officers	(15,129)	(46,169)
Total Liabilities & Shareholders' Equity	$ 3,334,934	$ 2,875,209

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	2.99	2.99
Debt to Equity	0.41	0.31
Working Capital	$ 1,255,944	$ 1,289,906
Current Ratio	1.91	2.44
Shareholders' Equity	$ 1,950,500	$ 1,936,730

Electronic Data Systems Corporation

(A wholly owned subsidiary of General Motors Corporation)

7171 Forest Lane
Dallas, Texas 75230
(214) 661-6000

Officers: Lester M. Alberthal, Jr., president & chief executive officer; J. Davis Hamlin, sr. v.p. & chief financial officer; Paul J. Chiapparone, senior vice president; Gary J. Fernandes, senior vice president; Malcolm J. Gudis, senior vice president; Jeffrey M. Heller, senior vice president; Dean Linderman, senior vice president; G. Stuart Reeves, senior vice president; John R. Castle, Jr., sr. v.p., general counsel & secretary; Anthony E. Weynand, v.p., comptroller & treasurer; Thomas D. Behne, vice president; Thomas L. Bockholt, vice president; James P. Buchanan, vice president; Ronald F. Hudler, vice president; Gilbert E. Hurley, vice president; Claiborne H. Johnson, Jr., vice president; Henry E. Johnston, vice president; Glen D. Self, vice president; Robert N. Sharpe, vice president; Frank L. Stoneking, vice president; Thomas D. Streeter, vice president; Claude K. Chappelear, vice president.

Directors: Lester M. Alberthal, Jr., Donald J. Atwood, Robert J. Eaton, Gary J. Fernandes, Malcolm J. Gudis, Jeffrey M. Heller, William E. Hoglund, Dean Linderman, G. Stuart Reeves, Lloyd E. Reuss, Robert J. Schultz, F. Alan Smith, Roger B. Smith, Robert C. Stempel.

Areas of Work: Designs, installs and operates business information and communications systems.

Acquisition:

MTech Corp
Provides data processing services to financial institutions.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Stock Exchange(s): New York, Midwest*, Pacific*, Philadelphia* -- *Unlisted trading privileges.

Ticker Symbol: GME

Number of Employees:

1988	50,000	1987	44,000

Sales & Earnings

	Revenues (000's)	Net Income (000's)
1988	$ 4,844,100	$ 384,100
1987	4,427,700	323,100
1986	4,366,000	260,900
1985	3,442,300	189,800
1984	947,500	80,700

	No. of Com. Shares ‡	Earn. per Share ‡
1988	121,900,000	$ 3.15
1987	121,900,000	2.65
1986	121,900,000	2.13
1985	121,900,000	1.57
1984	120,000,000	0.67

‡ Based on GM Class E Common stock outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.68	—	—
1987	0.52	—	
1986	0.40	—	—
1985	0.195	—	—
1984	0.17	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 1,403,900	$ 11.52
1987	1,053,500	8.64
1986	798,300	6.55
1985	530,600	4.35
1984	345,500	2.88

‡ Based on GM Class E Common stock outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues:		
Systems & other contracts:		
GM & subsid.	$ 2,837,000	$ 2,883,300
Outside customers	1,907,600	1,444,800
Interest & other income	99,500	99,600
Total revenues	$ 4,844,100	$ 4,427,700
Cost of revenues	3,749,500	3,452,500
Expenses	500,000	447,000
Interest expense	5,200	3,900
Income before taxes	$ 589,400	$ 524,300
Income taxes	205,300	201,200
Net Income	$ 384,100	$ 323,100

* Included in Costs and Expenses, Depreciation and Amortization: $438,200,000 in 1988 and $375,500,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. invest.	$ 379,200	$ 507,600
Marketable securities	348,400	459,600
Accts. receiv., net	419,000	428,000
Accts. receiv.-GM & subsid.	6,300	16,400
*Inventories	57,900	64,000
Prepaid expenses	128,600	102,200
Current Assets	$ 1,339,400	$ 1,577,800
#Fixed assets	1,076,600	1,106,800
Land held for invest.	106,300	103,400
Investments	479,200	235,400
Other assets	414,500	83,500
Total Assets	$ 3,416,000	$ 3,106,900

Liabilities
(000's)

Notes payable	$ 84,500	$ 108,000
Accts. payable	152,200	108,400
Accruals	518,200	520,900
Deferred revenue	329,800	189,500
Income taxes	66,800	99,000
Adv. from GM & subsid.	225,700	311,900
Curr. Liabilities	$ 1,377,200	$ 1,337,700
Notes payable	88,600	25,400
Adv. from GM & subsid.	313,300	505,900
Deferred income	2,400	2,600
Deferred inc. taxes	230,600	181,800
+Common stock	213,600	173,700
Retained earnings	1,190,300	879,800
Total Liabilities & Shareholders' Equity	$ 3,416,000	$ 3,106,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	12.17	11.84
%Net Income to Revenues	7.93	7.30
%Net Income to Equity	27.36	30.67
Debt to Equity	0.12	0.13
Working Capital	—	$ 240,100,000
Current Ratio	—	1.18
Shareholders' Equity	$ 1,403,900,000	$ 1,053,500,000

Electronics, Missiles & Communications, Inc.

Susquehanna Street Extension
P.O. Box 68
White Haven, Pennsylvania 18661-0068
(717) 443-9575

Officers: S. Stanley Fischman, president; Robert G. Nash, v.p. & dir.-engineering; John Saul, v.p.; Perry Spooner, v.p.; H. P. Chalmers, treasurer; Martin D. Cohn, secretary; Kay Krull, asst. secretary.

Directors: Shirley Chalmers, H. P. Chalmers, S. Stanley Fischman, Leonard S. Teven.

Areas of Work: Manufactures television broadcast equipment for commercial, educational and private television systems. Principal products are low and medium power television transmitters for VHF, UHF and microwave television transmission; translators, and down-converters.

Subsidiaries:

Del's Tower Service, Inc.
dba EMCEE Towers
Tower and antenna erection and repair.

Laser Surgical Systems, Inc.
Manufacture and sale of laser surgical instruments.

Transfer Agent(s):

Harris Trust and Savings Bank
311 West Monroe, 11th Floor
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ECIN (NASDAQ)

Number of Employees:

1988	62	1985	65
1987	62	1984	80
1986	65		

Plant Footage:

1988	27,000 sq. ft.	1985	27,000
1987	27,000	1984	27,000
1986	27,000		

Sales & Earnings

	Net Sales	Net Income †
1988	$ 3,570,507	$ (828,370)
1987	5,540,602	(250,300)
1986	7,176,170	550,222
1985	3,821,491	(2,352,432)
1984	3,917,814	(1,929,959)

	No. of Com. Shares	Earn. per Share †+
1988	4,107,767	$ —
1987	4,107,767	—
1986	4,107,771	0.13
1985	4,108,328	—
1984	2,869,695	—

(Loss)
† Included extraordinary gain of $275,000 ($0.06 per share) in 1986.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ (176,688)	$ —
1987	651,682	0.16
1986	901,989	0.22
1985	358,112	0.09
1984	1,473,174	0.51

(Deficiency)

Income Account *

Year ended March 31	1988	1987
Net sales	$ 3,570,507	$ 5,540,602
Cost of sales	2,719,197	3,747,383
Expenses:		
Selling	646,480	751,345
General & administrative	804,646	903,147
Research & development	71,079	64,158
Other expenses	157,475	324,869
Net Loss	$ (828,370)	$ (250,300)

* Included in Costs and Expenses, Depreciation: $109,289 in 1988 and $173,448 in 1987.

Assets

As of March 31	1988	1987
Cash	$ 428,262	$ 1,325,133
Accts. & notes receiv., net	469,295	496,269
*Inventories	1,397,500	1,389,000
Prepaid expenses	61,031	49,543
Current Assets	$ 2,356,088	$ 3,259,945
#Fixed assets	521,630	520,310
Total Assets	$ 2,877,718	$ 3,780,255

Liabilities

	1988	1987
Note payable	$ 200,000	$ —
Long-term debt, curr.	293,847	340,839
Accts. payable	512,659	359,687
Accruals	152,926	198,037
Cust. deposits	340,555	215,853
Curr. Liabilities	$ 1,499,987	$ 1,114,416
Long-term debt	1,329,419	1,589,157
Notes pay.- rel. parties	225,000	225,000
Note payable	—	200,000
+ Common stock	68,904	68,904
Add. paid-in capital	3,301,909	3,301,909
Ret. earnings (deficit)	(3,529,754)	(2,701,384)
Treasury stock	(17,747)	(17,747)
Total Liabilities & Shareholders' Equity	$ 2,877,718	$ 3,780,255

* At lower of standard cost or market.
# Less accumulated depreciation.
+ $0.01 2/3 per value.

Statistical Summary

	1988	1987
Sales to Inventories	2.55	3.99
Debt to Equity	—	0.62
Working Capital	$ 856,101	$ 2,145,529
Current Ratio	1.57	2.93
Shareholders' Equity (Deficiency)	$ (176,688)	$ 3,780,255

Eli Lilly and Company

Lilly Corporate Center
Indianapolis, Indiana 46285
(317) 276-2000

Officers: Richard D. Wood, chairman of the board, president & chief executive officer; J. B. King, v.p. & general counsel; Vaughn D. Bryson, exec. v.p.; Eurelio M. Cavalier, group v.p., sales-Pharmaceutical Division; James M. Cornelius, v.p.-finance & chief financial officer; Edgar G. Davis, v.p.-Corporate Affairs Division; Earl B. Herr, Jr., exec. v.p.; Joseph C. Cook, v.p.-production planning & corporate services; E. Walter Lange, group v.p.-marketing planning and development, Pharmaceutical Division; Mel Perelman, exec. v.p. & president-Lilly Research Laboratories; Eugene L. Step, exec. v.p. & president-Pharmaceutical Division; John G. Whitney, vice president-Lilly Research Laboratories; W. Leigh Thompson, Jr., group v.p.-Lilly Research Laboratories; Robert H. Williams, vice president-Lilly Research Laboratories; E. R. Roberts, president-Elanco Products Company; Sidney A. Taurel, president-Eli Lilly International Corporation; Angelo J. Carnaghi, v.p.-Production Operations and Distribution Division; Thomas L. Emmick, v.p.-Lilly Research Laboratories; Stephen A. Stitle, v.p.-human resources.

Directors: Richard D. Wood*, chairman of the board; Steven C. Beering, Earl B. Herr, Jr.*, Mel Perelman*, Eugene L. Step*, Alva O. Way, J. Clayburn La Force, Jr., Vaughn D. Bryson*, James M. Cornelius*, Randall L. Tobias, Karen N. Horn.

* Member of the Executive Committee

Areas of Work: Engaged in the discovery, development, manufacture and sale of products in two principal industries: human health and agriculture. The human health segment includes pharmaceuticals, electronic medical instrument systems, implantable cardiac pacemakers, empty gelatin capsules, packaging products, and bulk chemicals. Pharmaceuticals include analgesics, an antiarthritic agent, antibiotics, antidiabetic agents, hematinics, hormones, oncolytic agents, sedatives, vitamins, and other pharmaceuticals for human use. Electronic medical instrument systems include products for measuring patient temperatures and for administering and monitoring intravenous fluid infusions. The agriculture segment includes agricultural chemicals and animal health products. Agricultural chemicals are principally herbicides for controlling weeds in various crops. Animal health products include a nonhormonal cattle feed additive that improves feed efficiency; various antibiotics for promoting feed efficiency and growth in swine, and anti-coccidial agent for use in broilers and layer replacements, and other products for livestock, poultry, and pet animals.

Electronics Operations:

IVAC Corporation
Campus Point, California
(714) 453-4320
Worldwide manufacturing and marketing of electronic medical instrument systems, including intravenous infusion devices and electronic thermometers.

Cardiac Pacemakers, Inc.
St. Paul, Minnesota
Engaged in the business of designing, developing, manufacturing, and marketing implantable cardiac, external and implantable defibrillators, and cardiac monitors.

Physio-Control Corporation
11811 Willows Road
Redmond, Washington 98052
(206) 883-1181
Manufactures and distributes electronic products used in cardiovascular medicine, including defibrillators/monitors, peritoneal dialysis equipment, blood pressure monitoring devices, ultrasonic Doppler probes, in-vivo oximeters, and vascular implant products.

Advanced Cardiovascular Systems, Inc.
Designs, manufactures and markets coronary angioplasty catheter systems.

Transfer Agent(s):

Eli Lilly and Company
Shareholder Services Dept.
Lilly Corporate Center
Indianapolis, Indiana 46285

Stock Exchange(s): New York, Zurich, Basel, Geneva, Pacific, Toyko

Ticker Symbol: LLY (New York)

Number of Employees:

1988	26,700	1985	28,000
1987	25,700	1984	28,700
1986	29,100		

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 4,069,700	$ 761,000
1987	3,643,800	643,700
1986	3,322,500	558,200
1985	2,918,700	517,600
1984	2,785,800	490,200

	No. of Com. Shares ‡	Earn. per Share ‡
1988	143,687,000	$ 5.33
1987	147,007,000	4.41
1986	144,613,000	3.89
1985	142,847,000	3.62
1984	147,114,000	3.33

+ Of continuing operations only.
‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Human health	$ 3,271,800	$ 2,895,400
Agriculture	797,900	748,400
Total	$ 4,069,700	$ 3,643,800

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 2.30	—	—
1987	2.00	—	
1986	1.80	—	—
1985	1.60	—	2-for-1
1984	1.4875	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 3,225,300	$ 22.45
1987	3,042,600	20.70
1986	2,739,600	18.94
1985	2,387,700	16.72
1984	2,221,200	15.10

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 4,069,700	$ 3,643,800
Cost of sales	1,336,800	1,302,800
Expenses:		
Research & develop.	540,800	466,300
Marketing	789,300	656,700
Gen. adm.	356,000	362,400
Restructuring	—	271,900
Other income	(69,000)	(11,300)
Income before taxes	$ 1,115,800	$ 595,000
Income taxes	354,800	184,500
Inc.- cont. oper.	$ 761,000	$ 410,500
Inc.- discont. oper.	—	233,200
Net Income	$ 761,000	$ 643,700

* Included in Costs and Expenses, Depreciation and Amortization: $204,000,000 in 1988 and $184,300,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 661,200	$ 906,200
Short-term invest.	100,300	124,700
Accts. receiv., net	687,600	650,200
Other receiv.	74,100	281,300
*Inventories	674,300	615,500
Prepaid exp.	217,200	146,200
Current Assets	$ 2,414,700	$ 2,724,100
#Fixed assets	1,806,600	1,642,500
Other assets	1,041,400	888,300
Total Assets	$ 5,262,700	$ 5,254,900

Liabilities
(000's)

	1988	1987
Loans payable	$ 127,000	$ 238,200
Accts. payable	176,300	164,500
Accrued payroll	251,200	203,000
Dividends payable	92,700	80,300
Other curr. liabilities	433,600	435,300
Income taxes	208,000	231,500
Deferred income taxes	—	95,400
Curr. Liabilities	$ 1,288,800	$ 1,448,200
Long-term debt	387,700	365,700
Deferred inc. taxes	235,200	297,500
Other liabilities	125,700	100,900
+Common stock	91,300	91,300
Add. paid-in capital	24,800	48,200
Retained earnings	3,827,400	3,395,500
Curr. trans. adjust.	(19,300)	2,600
Treasury stock	(698,900)	(495,000)
Total Liabilities & Shareholders' Equity	$ 5,262,700	$ 5,254,900

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ $0.625 par value.

Statistical Summary

%Income bef. Taxes to Sales	27.42	—
%Net Income to Sales	18.70	—
%Net Income to Equity	23.59	21.16
Sales to Inventories	6.04	5.92
Debt to Equity	0.16	0.20
Working Capital	$ 1,125,900,000	$ 1,275,900,000
Current Ratio	1.87	1.88
Shareholders' Equity	$ 3,225,300,000	$ 3,042,600,000

Emerson Electric Co.

8000 West Florissant Avenue
St. Louis, Missouri 63136
(314) 553-2000

Officers: C. F. Knight, chairman & chief executive officer; J. F. Hardymon, president & chief operating officer; J. J. Adorjan, vice chairman; R. W. Staley, exec. v.p. & chief administrative officer; J. K. Ver Hagen, vice chairman; W. C. Bousquette, exec. v.p. & chief financial officer; J. G. Berges, group v.p.; W. L. Davis, exec. v.p.; D.O. Gifford, exec. v.p.; H. F. Faught, sr. v.p.-technology; V. H. Heath, exec. v.p.; L. L. Liebert, group v.p.; R. J. Novello, exec. v.p.; D. L. Seals, group v.p.; C. W. Groennert, v.p.-financial services; D. N. Farr, v.p.-planning & development; C. Hansen, sr. v.p.-secretary & general counsel; J. C. Rohrbaugh, sr. v.p.-industrial relations; W. J. Galvin, v.p.-finance & controller; K. A. Lawton, v.p. & treasurer; J. F. Bradley, v.p.-procurement; A. S. Dimcoff, v.p.-consumer affairs & product safety; J. A. Harmon, v.p.-exec. compensation & administration; P. A. Roberts, v.p.-public affairs; H. J. Yopp, v.p.-tax; J. C. Killeen, v.p.-corp. sales; A. A. Gilbert, v.p.-manpower development; S. P. Cortinovis, v.p.-international; T. N. Putnam, asst. treasurer; D. R. Perkins, asst. treasurer; H. M. Smith, asst. secretary.

Directors: W. R. Persons, J. A. Frates*, B. A. Schriever, L. L. Browning, Jr.*, Charles F. Knight*, Eugene F. Williams, Jr.*, G. A. Lodge, L. J. Conti, V. R. Loucks, Jr., W. M. Van Cleve*, A. A. Busch, III*, J. J. Adorjan*, J. F. Hardymon*, R. B. Horton, R. B. Loynd, J. K. Ver Hagen*, R. W. Staley*.

* Member of the Executive Committee

Areas of Work: Government & Defense Group Airborne fire control radar systems, airborne radio navigation systems, ammunition storage and feed systems, anechoic chambers, anti-submarine warfare detection & recording systems, automatic test equipment, electronically scanned antennas, magnetic tape recorders, intrusion detection systems, metallic and non-metallic detectors, guidance & control systems, low noise antenna feeds, naval surface armament systems, power supplies, research & development, rocket systems, rocket & missile launching systems, satellite communications & telemetry validation systems & tactical navigation systems & missile antenna development.

Consumer Group
Arc welders, band saws, ceiling systems, console humidifiers, door chimes, drain cleaning equipment, drill presses, electric baseboard heat, electric heating and cooling systems, electrostatic air cleaners, gas cutting & welding equipment, hand tools, hot water dispensers, intercom systems, ladders & scaffolding, lathes, planers and shapers, plastic pipe welders, point source illumination, power chain saws, power plumbing tools, security systems, lighting interconnect systems, monofilament line lawn trimmer, pipe working tools, smoke detectors, ventilation and exhaust systems, waste disposers, hobbyist tools, automatic dishwashers, water fountain valves, woodworking benches and radial saws.

Commercial & Industrial Components and Systems Group
Air conditioning and refrigeration compressor motors, dryers, expansion valves, fan motors, solenoid control valves, appliance electric heating elements and controls, appliance motors, automation systems, belt and chain components & drives, bimetallic control devices, cams and index equipment, controlled speed drives, eddy current controls and drives, electronic variable speed drives, conveyor components, electronic power supplies, fluid flow instrumentation, fluid heat transfer systems, gears, gear motors, heating blower motors and controls, industrial electric heating elements and products, irrigation flowmeter/control systems, liquid level measurement instrumentation, machine tool drives and controls, magnetic flowmeters, mechanical couplings, metal stampings, positive displacement meters, process control instrumentation, sealed terminals, special application motors, speed reducers, thermal limit devices, turbine meters, ultrasonic meters, uninterruptible power systems, vertical pump motors and drives, aviation instrumentation, and utilities equipment and tools.

Divisions and Subsidiaries:

Alco Controls Division
P.O. Box 12700
St. Louis, Missouri 63141
(314) 432-6300

Brooks Instrument Division
407 W. Vine Street
Hatfield, Pennsylvania 19440
(215) 368-2000

Commercial Cam Division
400 N. Ashland
Chicago, Illinois 60622
(312) 243-6900

Day-Brite Lighting Division
1015 S. Green Street
Drawer 1687
Tupelo, Mississippi 38801

Fusite Division
6000 Fernview Avenue
Cincinnati, Ohio 45212
(513) 731-2020

Louisville Ladder Division
1161 Algonquin Parkway
Louisville, Kentucky 40208
(501) 636-2811

Ridge Tool Division
400 Clark Street
Elyria, Ohio 44035
(216) 323-5581

Special Products Division
5657 Campus Parkway
Hazelwood, Missouri 90051

Therm-O-Disc
1320 S. Main Street
Mansfield, Ohio 44907
(419) 756-5911

U.S. Electrical Motors Division
Old Gate Lane
Milford, Connecticut 06460
(203) 878-9311

White-Rodgers Division
9797 Reavis Road
St. Louis, Missouri 62123
(314) 631-9797

Edwin L. Wiegand Division
7500 Thomas Boulevard
Pittsburgh, Pennsylvania 15208
(412) 242-6400

Electronics & Space Division
8100 W. Florissant Avenue
St. Louis, Missouri 63136
(314) 553-2000

Emerson Specialty Motor Division
8100 W. Florissant Avenue
St. Louis, Missouri 63136
(314) 553-2000

Emerson Electric GmbH
Division Gustav Benz
Heerstrasse 111
D7050 Waiblingen, Postfact 1229, West Germany

Emerson Electric Canada Limited
P.O. Box 150, Highway 48
Markham, Ontario, Canada
(416) 297-1030

ACDC Electronics Division
401 Jones Road
Oceanside, California 92054

Emerson Electric Industrial Controls Division
P.O. Box 1679
Santa Ana, California 92702

Harris-Calorific Division
5501 Cass Avenue
Cleveland, Ohio 44102

ENI, Inc.

Emerson Finance Company

SWECO, Inc.

Southwest Mobile Systems Corp.

Western Forge

Vacco Industries

Emerson Contract Division

Xomox
Manufactures valves.

Emerson Japan, Ltd.

Rittenhouse Division

Rosemount Inc.
Develops and manufactures process control instrumentation and systems.

McPhilben Lighting Division

Appleton Electric Company

Rantec Division

Hazeltine Corporation
Commack, New York 11725
(516) 462-5100
Designs, develops and manufactures government products consisting of air traffic control equipment; electronic displays for defense and other government purposes, including displays for use in early warning, command and control systems, tactical displays and digital video display systems; antisubmarine warfare equipment, aircraft identification (IFF) systems, modems for communications, microwave landing systems and computer-based training systems.

Branson, Inc.
Produces ultrasonic products for cleaning, metal testing and plastic welding.

Beckman Industrial, Inc.
Manufacturer of electronic components, test equipment and process control instrumentation.

Hurst, Inc.
Manufactures high performance stepper and permanent magnetic motors.

Micro Motion, Inc.
Produces mass flow measurement systems.

Computer Power Systems, Inc.
Manufactures power conditioning systems for computers.

Automatic Switch Company
50-60 Hanover Road
Florham Park, New Jersey 07932
Designs and manufactures industrial solenoid valves and products for the control of fluids and flow of electric power.

Kiowa Corporation
Manufactures electronic motion control products.

Copeland Corporation
Manufactures compressors.

Liebert Corporation
Manufactures environmental control systems for computers.

Acquisitions:

Powertec/SCI
Manufactures power supplies for use in electronic equipment.

Joucomatic
Manufactures pneumatic and general-purpose solenoid valves, serving primarily the European packaging, chemical and automotive industries.

Transfer Agent(s):

Centerre Trust Company of St. Louis
(Common & Preferred Shares)
510 Locust Street
St. Louis, Missouri 63101

Stock Exchange(s): New York, Midwest

Ticker Symbol: EMR

Number of Employees:

1988	70,800	1985	61,900
1987	68,700	1984	60,400
1986	60,700		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 6,651,500	$ 528,800
1987	6,170,300	467,200
1986	5,242,400	427,400
1985	4,921,100	416,100
1984	4,587,200	382,800

	No. of Com. Shares ‡	Earn. per Share ‡
1988	229,246,000	$ 2.31
1987	233,860,000	2.00
1986	233,104,000	1.83
1985	236,385,000	1.76
1984	236,120,000	1.62

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Commercial & industrial	$ 4,661,000	$ 4,229,000
Consumer products	1,305,000	1,263,000
Government & defense	685,000	678,000
Total	$ 6,651,000	$ 6,170,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 1.00	—	—
1987	0.97	—	
1986	0.92	—	—
1985	0.87	—	—
1984	0.77	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 2,820,100	$ 12.51
1987	2,702,500	11.68
1986	2,374,000	10.75
1985	2,222,200	9.85
1984	1,869,200	8.87

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net sales	$ 6,651,500	$ 6,170,300
Cost of sales	4,432,900	4,115,000
Expenses	1,223,100	1,132,400
Interest expense	76,200	83,500
Other expense	59,500	28,800
Income before taxes	$ 859,800	$ 810,600
Income taxes	331,000	343,400
Net Income	$ 528,800	$ 467,200

* Included in Costs and Expenses, Depreciation and Amortization: $227,300,000 in 1988 and $214,300,000 in 1987.
‡ Restated.

Assets
(000's)

As of Sept. 30	1988	1987
Cash & cash equiv.	$ 98,400	$ 127,700
Short-term invest.	9,600	2,600
Accts. receiv., net	1,057,000	999,500
Cost on long-term contracts	105,000	92,400
*Inventories	1,334,600	1,257,800
Other curr. assets	158,900	175,400
Current Assets	$ 2,763,500	$ 2,655,400
#Fixed assets	1,121,500	1,126,300
Other assets	1,142,000	1,086,100
Total Assets	$ 5,027,000	$ 4,867,800

Liabilities
(000's)

	1988	1987
Long-term debt. curr.	$ 338,700	$ 363,700
Acct. payable	407,400	391,500
Accruals	550,700	487,300
Income taxes	109,900	45,000
Adv. pay. on contracts	31,300	37,300
Curr. Liabilities	$ 1,438,000	$ 1,324,800
Long-term debt	481,400	553,000
Other liab.	287,500	287,500
+Common stock	238,200	238,200
Add. paid-in capital	2,300	18,400
Retained earnings	2,966,200	2,666,600
Cum. trans. adjust.	8,800	800
Treasury stock	(395,400)	(221,500)
Total Liabilities & Shareholders' Equity	$ 5,027,000	$ 4,867,800

* At lower of cost or market. Majority at standard costs; remainder at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.93	13.14
%Net Income to Sales	7.95	7.57
%Net Income to Equity	18.75	17.29
Sales to Inventories	4.98	4.91
Debt to Equity	0.29	0.34
Working Capital	$ 1,325,500,000	$ 1,330,600,000
Current Ratio	1.92	2.00
Shareholders' Equity	$ 2,820,100,000	$ 2,702,500,000

Emerson Radio Corp.

1 Emerson Lane
North Bergen, New Jersey 07047
(201)854-6600

Officers: William W. Lane, chairman; Stephen L. Lane, president; Donald Dvorkin, exec. v.p. & secretary; Harold Falik, sr. v.p. -finance; Kunio Takei, sr. v.p.-foreign operations; Hachiro Masuda, v.p.-design; Marino Andriani, sr. v.p.-sales; Edward Bohn, treasurer; Edward Beller, v.p.-domestic operations; Toshinori Ishii, v.p.-engineering; Rudolph Malacrida, v.p.-mgmt. info. systems; John R. Bond, v.p.-sales; Joseph DeSiena, v.p.-sales administration.

Directors: William W. Lane, chairman; Stephen L. Lane, Jay M. Haft, John J. Cunningham, Donald Dvorkin, Walter F. Mondale.

Areas of Work: Designs and markets televisions, radios, tape players, video cassette recorders, clock radios, compact stereos, microwave ovens and compact refrigerators. The company's Cardiac Resuscitator Corporation subsidiary designs and manufactures devices which automaticaly diagnose and treat ventricular fibrillation, the leading cause of cardiac arrest. These products include external pacemakers and automated defibrillator-pacemakers.

Subsidiaries:

Cardiac Resuscitator Corporation (78%-owned)
12244 S.W. Garden Place
Portland, Oregon 97223
(503) 620-8612

Emerson Radio (Hong Kong) Limited
1009-1015 World Shipping Centre, 10th Floor
Harbour City, Phase 1, No. 7 Canton Road
Tsimshatsui, Kowloon, Hong Kong

Emerson Radio Canada, Ltd.
6455 Vipond Drive
Mississauga, Ontario L5T 1J9 Canada

H.H. Scott, Inc.
5601 West Side Avenue
North Bergen, New Jersey 07047
(201) 662-2000
Designs, manufactures, and markets a line of high fidelity audio and video equipment.

H.H. Scott Electronics Ltd.
1009-1015 World Shipping Centre
Harbour City, Phase 1, No. 7 Canton Road
Tsimshatsui, Kowloon, Hong Kong

H.H. Scott Audio Canada Ltd.
6455 Vipond Drive
Mississauga, Ontario, Canada L5T 1J9

Transfer Agent(s):

United Jersey Bank
Hackensack, New Jersey

Stock Exchange(s): New York

Ticker Symbol: EME

Number of Employees:

1987 813   1986 689

Plant Footage:

1987 .... 468,000 sq. ft. 1986 468,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 810,057,000	$ 26,606,000
1986	566,272,000	12,907,000
1985	357,463,000	13,254,000
1984	183,029,000	9,084,000
1983	95,051,000	3,133,000

	No. of Com. Shares #	Earn. per. Share #
1987	$ 36,458,000	$ 0.73
1986	35,056,000	0.37
1985	34,842,000	0.38
1984	34,482,000	0.26
1983	33,510,000	0.09

# Based on the weighted average number of shares oustanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	2-for-1
1986	—	10%	
1985	—	10%	—
1984	—	—	5-for-3
1983	—	—	5-for-3

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 96,041,000	$ 2.77
1986	61,447,000	1.75
1985	46,589,000	1.33
1984	32,993,000	0.95
1983	21,523,000	0.64

‡ Adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended Mar. 31	1987	1986
Net sales	$ 810,057,000	$ 566,272,000
Cost of sales	715,958,000	502,454,000
Expenses	51,192,000	37,621,000
Interest expense	9,024,000	9,714,000
Gain from sale of Imatron stock	(2,172,000)	(1,810,000)
Income before taxes	$ 36,055,000	$ 18,293,000
Income taxes	9,449,000	5,386,000
Net Income	$ 26,606,000	$ 12,907,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,457,000 in 1987 and $2,150,000 in 1986.

Assets

As of Mar. 31	1987	1986
Cash	$ 4,130,000	$ 7,391,000
Accts. receiv. net	132,358,000	72,391,000
*Inventories	146,437,000	68,163,000
Inc. taxes receiv.	29,208,000	23,051,000
Current Assets	$ 312,133,000	$ 171,536,000
#Fixed assets	6,125,000	4,119,000
Other assets	4,568,000	3,722,000
Total Assets	$ 322,826,000	$ 179,377,000

Liabilities

Notes & accept. payable	$ 119,355,000	$ 45,845,000
Accts. payable & accruals	17,249,000	10,139,000
Income taxes	72,000	6,655,000
Curr. Liabilities	$ 136,676,000	$ 62,639,000
Long-term debt	78,925,000	48,400,000
Deferred inc. taxes	11,184,000	6,891,000
+Common stock	3,635,000	1,768,000
Add. paid-in capital	59,743,000	50,967,000
Retained earnings	35,586,000	12,356,000
Deferred comp.	(2,920,000)	(3,640,000)
Treasury stock	(3,000)	(4,000)
Total Liabilities & Shareholders' Equity	$ 322,826,000	$ 179,377,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.45	3.23
%Net Income to Sales	3.28	2.28
%Net Income to Equity	27.70	21.01
Sales to Inventories	5.53	8.31
Debt to Equity	0.82	0.79
Working Capital	$ 175,457,000	$ 108,897,000
Current Ratio	2.28	2.74
Shareholders' Equity	$ 96,041,000	$ 61,447,000

Emhart Corporation

(Acquired by Black & Decker Corp. on July 18, 1989.)

426 Colt Highway
Farmington, Connecticut 06101
(203) 678-3000

Mailing Address:
P.O. Box 2730
Hartford, Connecticut 06101

Officers: Peter L. Scott, chairman of the board & chief exec. officer; William C. Lichtenfels, president & chief operating officer; Enos H. Arnold, controller; Ralph M. Branca, v.p.-development; John F. Budd, Jr., sr. v.p.-corp. communications; Dean M. Hennessy, sr. v.p. & general counsel; Robert M. Brynes, sr. v.p.-human resources; Leo T. Hinkley, Jr., v.p.-operations staff; Richard L. Cote, v.p. & chief accounting officer; Gilbert O'Neil, v.p.-investor relations; David W. Dandro, v.p.-information systems; Carl A. Home, v.p. & tax counsel; C. Morgan Hussey, v.p. & secretary; Achim Knust, sr. v.p.-finance; John S. Rydz, v.p.-technology; J. Michael Stepp, treasurer; Raymond A. DeVita, v.p. & group president; Fred M. Hollfelder, v.p. & group president; Richard H. Campbell, v.p. & group president; Herman A. Michelson, v.p. & exec. asst. to the chairman; Wayne Shelton, v.p. & chairman and president-Planning Research Corporation.

Directors: Peter L. Scott*, Richard S. Bodman, William B. Ellis*, James F. English, Jr.*, T. Mitchell Ford*, William C. Lichtenfels, Michael Scott Morton, Wilson Wilde*, Marion S. Kellogg, John M. Toups, Achim Knust.

* Member of the Executive Committee

Areas of Work: The Company's Electrical/Electronic Group manufactures film and tantalum electrolytic capacitors, motor run capacitors and audible signal devices. Also produces electro-mechanical timing devices, synchronous motors, electronic assemblies and components; carbon and wire wound controls, and switches; solid state control systems; hydrocarbon detection systems; smoke, gas and burglary detection devices; industrial and commercial fire protection and monitoring systems; equipment for sequencing and inserting or mounting electronic components for printed circuit boards and ceramic substrates; vapor phase soldering systems. Other areas of work include hardware store equipment, shoe machinery and shoe materials, chemicals and fasteners, glass container making machinery, rubber and plastics machinery, metalworking machinery and gear manufacturing machinery.

Subsidiaries:

Esser Sicherheitstechnik, GmbH
Produces fire detection and alarm systems.

Dage Precima International, Limited
Manufactures chip placement machinery and equipment for semiconductor assembly.

Bermarflex S. p. A.
Manufactures insoles for footwear.

Manquinas Imacal Mohrbach, Ltda.
Shoe machinery manufacturer.

MITE Corporation
Manufacturer of highly engineered fasteners; also manufactures time stamps and recorders, precision spindles, document perforators and hydralic control devices.

Planning Research Corporation
McLean, Virginia
Provides technology-based professional services for information management and delivery systems, including the design, engineering, development, integration and life cycle support of computer-based systems.

Advanced Technology, Inc.
Reston, Virginia
A computer-oriented professional services company.

Number of Employees:

1987	30,306	1984	28,944
1986	34,173	1983	29,502
1985	30,422		

Plant Footage:

1987 ..... 15,791,000 sq. ft.

Sales & Earnings

	Revenues (000's)	Net Income (000's)
1987	$ 2,454,500	$ 106,500
1986	2,094,300	(10,200)
1985	1,775,400	80,500
1984	1,794,500	90,400
1983	1,685,600	84,300

	No. of Com. Shares +	Earn. per Share #
1987	61,681,000	$ 1.70
1986	62,032,000	—
1985	55,392,000	1.45
1984	55,104,000	1.63
1983	54,816,000	1.53

(Loss)
+ Adjusted to reflect stock dividend and stock splits.
# Based on the weighted equivalents outstanding adjusted to reflect stock dividend and stock splits.

Revenues By Line of Business
(000's)

	1987	1986
Components	$ 669,100	$ 651,900
Fastening Systems	606,700	555,800
Machinery	291,100	419,200
Consumer Products	449,300	428,100
Information & Electronic Systems	438,300	39,300
Total	$ 2,454,500	$ 2,094,300

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1987	$ 0.75	—	2-for-1
1986	0.70	—	
1985	0.70	—	—
1984	0.64	10%	—
1983	0.60	—	2-for-1

# Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1987	$ 836,000,000	$ 13.55
1986	714,400,000	11.52
1985	606,400,000	10.95
1984	529,500,000	9.61
1983	507,502,000	9.26

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stocks, dividend and stock splits.

Income Account
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 2,454,500	$ 2,094,300
Cost of sales	1,666,800	1,407,900
Expenses	551,500	493,400
Provision for restructuring	—	150,000
Interest expense	46,200	41,700
Other expense	4,400	17,200
Income (loss) bef. taxes	$ 185,600	$ (15,900)
Income taxes (credit)	79,100	(5,700)
Net Income (Loss)	$ 106,500	$ (10,200)

* Included in Costs and Expenses, Depreciation and Amortization: $84,600,000 in 1987 and $78,100,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 15,000	$ 18,600
Short-term invest.	44,600	24,500
Receiv., net	529,100	416,600
*Inventories	352,800	384,900
Def. inc. tax benefits	42,500	39,000
Prepaid expenses	70,700	47,200
Current Assets	$ 1,054,700	$ 930,800
Depreciable assets	432,300	488,300
Intangibles and other assets	542,900	437,600
Total Assets	$ 2,029,900	$ 1,856,700

Liabilities
(000's)

	1987	1986
Notes payable	$ 28,100	$ 36,500
Accts. payable	187,300	147,600
Accruals & other liab.	298,600	373,900
Income taxes	19,300	23,200
Curr. Liabilities	$ 533,300	$ 581,200
Long-term debt	536,300	457,000
Unfunded pension liab.	49,100	52,500
Deferred inc. taxes	24,600	19,700
Other liab.	48,200	29,200
+Preferred stock	1,300	1,500
++Common stock	61,700	31,000
Add. paid-in capital	280,400	322,800
Retained earnings	450,800	391,100
Cum. trans. adjust.	44,200	(29,300)
Total Liabilties & Shareholders' Equity	$ 2,029,900	$ 1,856,700

* At lower of cost (LIFO) or market.
+ No par value.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.[illegible]	—
%Net Income to Sales	4[illegible]	—
%Net Income to Equity	12.70	—
Sales to Inventories	6.96	5.44
Debt to Equity	0.67	0.69
Working Capital	$ 521,400,000	$ 349,600,000
Current Ratio	1.98	1.60
Shareholders' Equity	$ 838,400,000	$ 717,100,000

Enercon Data Corporation

(formerly CompuScan, Inc.)

300 Broadacres Drive
Bloomfield, New Jersey 07003
(201) 338-5000

Officers: Robert W. Fischer, chairman & chief exec. officer; Steven D. Riedel, v.p.; Richard Notar, treasurer.

Directors: Robert W. Fischer, chairman; Derrick Ashcroft, Allan Harle, Marshall D. Miller, Charles W. Oswald.

Areas of Work: Designs, manufactures, markets and services intelligent image processing and data entry systems for business, industry and government, and develops and markets energy management and lighting control products for commercial buildings.

Divisions:

Enercon Division
Minneapolis, Minnesota

CompuScan Division
Bloomfield, New Jersey

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ENDC (NASDAQ)

Number of Employees:

1988	70	1985	303
1987	177	1984	319
1986	234		

Plant Footage:

1988	25,800 sq. ft.	1985	47,500
1987	43,700	1984	54,000
1986	43,700		

Sales & Earnings

	Net Sales	Net Income ‡
12/31/88*	$ 1,950,000	$ (1,665,000)
5/31/88	6,521,000	(3,461,000)
5/31/87	10,992,000	(4,659,000)
5/31/86	14,502,000	(4,597,000)
5/31/85	20,340,000	1,624,000

	No. of Com. Shares #	Earn. per Share ‡ #
12/31/88*	6,121,179	$ —
5/31/88	5,738,679	—
5/31/87	5,630,171	—
5/31/86	5,643,793	—
5/31/85	6,015,845	0.27

(Loss)
* 7 months.
‡ Including extraordinary credits of $747,000 ($0.12 per share) in 1985.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
12/31/88	$ (103,000)	$ —
5/31/88	1,562,000	0.27
5/31/87	4,908,000	0.87
5/31/86	9,673,000	1.71
5/31/85	14,302,000	2.38

(Deficiency)
‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	12/31/88 (7 months)	5/31/88
Net revenues:		
Machines & hardware	$ 1,950	$ 3,150
Field engineering	—	3,371
Total	$ 1,950	$ 6,521
Cost of sales	1,162	5,343
Res., develop. engr. expenses	228	876
Sell., gen. & adm. exp.	1,393	3,949
Interest income	(80)	(76)
Termination exp.	275	—
Merger expense	215	—
Restruc. of oper.	422	1,546
Gain on sale of assets	—	(1,476)
Net Loss	$ (1,665)	$ (3,641)

* Included in Costs and Expenses, Depreciation and Amortization: $115,000 in the period ending Dec. 31, 1988 and $695,000 in the year ending May 31, 1977.

Assets

As of	12/31/88	5/31/88
Cash & equiv.	$ 987	$ 1,963
Note receivable	378	348
Accts. receiv., net	281	455
Fraud rel. receiv.	175	—
*Inventories	381	504
Other curr. assets	21	—
Curr. Assets	$ 2,223	$ 3,270
#Fixed assets	155	369
Other assets	237	307
Total Assets	$ 2,615	$ 3,946

Liabilities
(000's)

Long-term liabilities	$ 116	$ 40
Accts. payable	487	599
Accruals	2,084	1,591
Curr. Liabilities	$ 2,687	$ 2,230
Long-term liabilities	31	154
+Common stock	612	612
Add. paid-in capital	16,656	16,656
Retained earnings (deficit)	(17,371)	(15,706)
Total Liabilities & Shareholders' Equity	$ 2,615	$ 3,946

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Debt to Equity	—	0.12
Working Capital	—	$ 1,040,000
Current Ratio	—	1.47
Shareholders' Equity (Deficiency)	$ (103,000)	$ 1,562,000

Energy Conversion Devices, Inc.

1675 West Maple Road
Troy, Michigan 48084
(313) 280-1900

Officers: Ralph F. Leach, chairman of the board; Stanford R. Ovshinsky, president & chief exec. officer; E. Alexander Goldstein, exec. v.p. & chief operating officer; Jack T. Conway, vice chairman; Nancy M. Bacon, v.p.-finance & treasurer; Stephen J. Hudgens, v.p.-research & development; Rikuma Ito, v.p.-international market development; Iris M. Ovshinsky, v.p.; Lee E. Bailey, secretary & corp. counsel; Subhendu Guha, v.p.-photovoltaics & information.

Directors: Hellmut Fritzsche, Iris M. Ovshinsky, Stanford R. Ovshinsky, Jack T. Conway, Ralph F. Leach, Stanley Stynes, Nancy M. Bacon, Momoko Ito, Edwin O. Reischauer, Takashi Kojima, Robert R. Wilson, J. Montieth Estes, Douglas A. Fraser, James Geater.

Areas of Work: Develops amorphous materials technology for products in three areas: energy, information and synthetic materials. Applications include photovoltaics, thermoelectrics, batteries, flat-panel displays, optical memories, electrophotograqhic drums, wear-resistant coatings and X-ray mirrors.

Divisions and Subsidiaries:

Ovonic ThermoElectric Company
Ovonic Imaging Systems, Inc. (70%-owned)
Ovonic Synthetic Materials Company, Inc.
Japan-ECD Company, Ltd.
Ovonic Battery Company, Inc.
Sovonics Solar Systems, Inc.

Joint Venture(s):

Quartet Ovonics

Transfer Agent(s):

National Bank of Detroit
Stock Transfer Department
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ENER (NASDAQ)

Number of Employees:

1988 331
1987 338
1986 435
1985 460
1984 393

Plant Footage:

1988 .... 171,000 sq. ft.
1987 184,800
1986 203,140
1985 175,810
1984 150,050

Sales & Earnings

	Net Revenues	Net Income
1988	$ 10,158,754	$ (31,292,778)
1987	19,564,494	(17,925,844)
1986	21,079,580	(27,918,630)
1985	30,110,309	(14,888,486)
1984	29,227,768	(8,848,108)

	No. of Com. Shares #	Earn. per Share #
1988	5,950,870	$ —
1987	5,196,382	—
1986	4,584,557	—
1985	4,356,842	—
1984	4,051,586	—

(Loss)
# Based on the monthly average number of Class A common and common shares combined.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 2,102,743	$ 0.35
1987	14,296,342	2.75
1986	12,081,789	2.64
1985	15,022,200	3.45
1984	25,916,082	6.40

‡ Based on the monthly average number of Class A common and common shares combined.

Income Account*

Year ended June 30	1988	1987
Revenues	$ 10,158,754	$ 19,564,494
Cost of revenues	10,461,946	8,442,196
Cost of prod. sales	5,927,439	3,041,088
Product develop. exp.	7,982,881	8,887,644
Patent expenses	1,364,501	1,496,226
Expenses	12,162,981	15,230,312
Interest expense	845,002	1,698,681
Litigation & consent decree	5,276,000	—
Minority interest	(2,569,218)	(1,305,809)
Net Loss	$ (31,292,778)	$ (17,925,844)

* Included in Costs and Expenses, Depreciation and Amortization: $4,655,588 in 1988 and $4,644,739 in 1987.

Assets

As of June 30	1988	1987
Cash & short-term invest.	$ 7,246,250	$ 18,677,994
Accts. receiv., net	3,319,748	2,616,448
* Inventories	1,306,226	667,081
Prepaid expenses & other assets	1,022,538	1,453,607
Current Assets	$ 12,894,762	$ 23,415,130
# Fixed assets	16,971,373	21,131,294
Other assets	1,316,288	313,544
Total Assets	$ 31,182,423	$ 44,859,968

Liabilities

Notes payable	$ 1,078,729	$ —
Long-term debt, curr.	1,432,683	2,716,126
Accts. payable & accruals	4,771,622	8,035,601
Accrued payroll	771,071	662,118
Deferred prod. develop. revenues	1,242,026	1,117,441
Curr. Liabilities	$ 9,296,131	$ 12,531,286
Long-term debt	8,626,812	9,066,652
Long-term deferred rev.	2,493,651	2,290,000
Cost in exc. of billings	1,700,000	—
Court-ordered guarantee	5,208,740	—
Minority interest	1,754,346	6,675,688
+ Common stock, Class A	2,199	2,199
+ Common stock	57,594	52,317
Add. paid-in capital	138,712,021	119,618,119
Retained earnings (deficit)	(136,669,071)	(105,376,293)
Total Liabilities & Shareholders' Equity	$ 31,182,423	$ 44,859,968

* At lower of cost (moving average) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Debt to Equity	– 4.78	0.82
Shareholders' Equity	$ 2,102,743	$ 14,296,342

EPSCO, Incorporated

99 South Street
Hopkinton, Massachusetts 01748
(508) 435-2400

Officers: Wayne P. Coffin, president & chief executive officer; Edward Barton, v.p. & gen mgr.-R. F. Division; David A. Fulton, president-NEICO Microwave Division; John B. Langley, II, v.p. & gen. mgr.-Microwave Division; Charles J. Dockendorff, v.p. & treasurer; Sidney Werlin, clerk & secretary; Frank Morese, dir.-manufacturing; Michael Kennedy, controller; Richard D. Posner, v.p. & dir.-programs; Robert Frazier, dir.-sales/marketing; Charles Gentzler, dir.-engineering; Phillip B. Pimental, dir.-manufacturing; Gerald S. Kirkwood, exec. v.p.; Robert E. Ranslow, v.p.-sales/marketing; Vern Babigian, v.p.-systems engineering; George Lapierre, v.p.-manufacturing; Robert Cannistraro, v.p.-Northern Satellite; Edward Greene, Sr., gen. mgr.-Esten Machine.

Directors: Robert Raymond, chairman; Walter W. Curcio, Richard N. Hokin, Kenneth F. Dietz, Sidney Werlin, James H. Furneaux, Samuel Labate, Wayne P. Coffin.

Areas of Work: Designs and manufactures RF Microwave systems and components, special test and simulation equipment and navigation systems for both defense and commercial applications.

Divisions:

RF Division
31355 Agoura Road
Westlake Village, California 91361

NEICO Microwave Division
105 South Street
Hopkinton, Massachusetts 01748

Microwave Division
411 Providence Highway
Westwood, Massachusetts 02090

Northern Satellite

Esten Machine

Transfer Agent(s):

Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EPSC (NASDAQ)

Plant Footage:

1987 . . . . N.A. 1984 60,000
1986 . . . . 85,000 sq. ft. 1983 60,000
1985 85,000

N. A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 25,640,800	$ 766,900
1986	15,016,400	700,200
1985	12,029,100	550,500
1984	10,313,700	501,000
1983	12,010,300	(1,160,000)

	No. of Com. Shares #	Earn. per Share #
1987	1,454,000	$ 0.53
1986	1,343,600	0.52
1985	1,342,200	0.41
1984	1,342,000	0.37
1983	1,317,500	—

(Loss)
# Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 11,969,700	$ 8.23
1986	11,180,300	8.32
1985	9,473,700	7.06
1984	8,919,500	6.65
1983	8,418,500	6.39

# Based on the average number of shares outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 25,640,800	$ 15,016,400
Cost of sales	16,850,300	10,022,000
Expenses	7,133,900	4,025,600
Oper. Income	$ 1,656,600	$ 968,800
Interest income	(4,400)	(167,900)
Interest expense	566,600	127,500
Income before taxes	$ 1,094,400	$ 1,009,200
Income taxes	327,500	309,000
Net Income	$ 766,900	$ 700,200

* Included in Costs and Expenses, Depreciation and Amortization: $1,322,700 in 1987 and $651,100 in 1986.

Assets

As of Dec. 31	1987	1986
Cash and equivalents	$ 390,300	$ 669,700
Accts. & notes receiv., net	3,230,800	2,537,000
Long-term contracts	5,908,600	4,967,700
*Inventories	5,433,400	4,472,500
Prepaid expenses	417,500	221,100
Current Assets	$ 15,380,600	$ 12,868,100
#Fixed Assets	7,172,800	6,961,000
Purchased technology	722,700	792,700
Total Assets	$ 23,276,100	$ 20,622,100

Liabilities

	1987	1986
Short-term borrowings	$ —	$ 300,000
Long-term debt, curr.	242,000	365,000
Accts. payable	2,219,900	2,050,400
Accruals	1,186,500	1,246,200
Commissions	458,500	267,300
Curr. Liabilities	$ 4,106,900	$ 4,228,900
Long-term debt	6,412,600	4,654,600
Deferred income taxes	786,900	558,300
+Common stock	1,496,600	1,493,800
Add. paid-in capital	10,362,100	10,342,400
Retained earings (deficit)	200,200	(566,700)
Treasury stock	(89,200)	(89,200)
Total Liabilities & Shareholders' Equity	$ 23,276,100	$ 20,622,100

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

	1987	1986
%Income bef. Taxes to Sales	4.27	6.72
%Net Income to Sales	2.99	4.66
%Net Income to Equity	6.41	6.26
Sales to Inventories	4.72	3.36
Debt to Equity	0.56	0.42
Working Capital	$ 11,273,700	$ 8,639,200
Current Ratio	3.75	3.04
Shareholders' Equity	$ 11,969,700	$ 11,180,300

Ericsson

(Telefonaktiebolaget LM Ericsson)
S-126 25
Stockholm, Sweden
46 8 719 00 00

Officers: Hans Werthen, chairman of the board; Jan Wallander, deputy chairman; Peter Wallenberg, deputy chairman; Bjorn Svedberg, president & chief executive officer; Lars Ramqvist, exec. v.p.-radio communications & president-Ericsson Radio Systems AB; Carl Wilhelm Ros, executive v.p. & chief financial officer; Jan Stenberg, exec. v.p.-public telecommunications & president-Ericsson Telecom AB; Lars Berg, sr. v.p., & president-Ericsson Network Engineering AB & Ericsson Cables AB; Ulf H. Johansson, sr. v.p.-defense systems, & president-Ericsson Radar Electronics AB; Ronny Lejdemalm, sr. v.p., & president-Ericsson Business Communications AB; Stephan Almqvist, sr. v.p.-corporate treasury; Lars Edmark, sr. v.p.-corporate markets; Lennart Grabe, sr. v.p. & general counsel-corporate legal affairs; Harry Johansson, sr. v.p.-corporate audit; Bo Landin, sr. v.p.-corporate markets & corporate planning; Gosta Lindberg, sr. v.p.-corporate technology & quality & chief technical officer; Nils Ingvar Lundin, sr. v.p.-corporate relations; Ake Stavling, sr. v.p.-corporate financial control; Bert Jeppsson, sr. v.p.-components & president-Ericsson Components AB; Bjorn Linton, sr. v.p.-corporate markets; Ake Lundqvist, sr. v.p.-business development; Britt Reigo, sr. v.p.-corporate human resources & organization.

Directors: Hans Werthen, chairman; Jan Wallander, Peter Wallenberg, Kjell Brandstrom, Georg Karnsund, Paul Kvamme, Sven Ljungberg, Sven Olving, Stanley Oscarsson.

Areas of Work: In the area of Public Telecommunications, the Company develops, produces and installs telecommunications equipment for telecom administrations. Equipment includes telephone exchanges, transmission, telex and data processing equipment. In the area of Information Systems, the Company manufactures products and systems for the transmission of voice and data in private networks. These include communications systems, including large subscriber exchanges, Eripax data networks, modems, small subscriber exchanges, intercom systems and telephone instruments; Data systems, including data terminals, personal computers, small business systems/minicomputers, and bank terminals systems; and office equipment, including printers, typewriters, calculators and office furniture. In the area of Cables, the Company produces power cable, telecommunications cable, and specialty cables. Defense Systems includes five products areas: avionics and missile electronics; defense communications; local and mobile defense systems; control and computer systems; and microwave communications, including radio links and satellite operations. Radio Communications includes mobile telephone and radio systems and personal paging systems. Network Engineering and Construction includes network construction, including planning and construction of telecommunications networks, data networks and telesignaling installations; and signal systems, including signaling and safety systems for rail traffic as well as street and highway signaling systems. Components operations include the development, manufacture and marketing of components and power supplies for the electronics industry. Product areas include microcircuits, power systems, and capacitors and standard components.

Divisions and Subsidiaries (Sweden):

AB Aulis
Stockholm, Sweden

ELLEMTEL Utvecklings AB
(50%-owned)
Stockholm, Sweden

E-P Data AB
Karlskrona, Sweden

Ericsson Business Communications AB
Stockholm, Sweden

Ericsson Cables AB
Stockholm, Sweden

Ericsson Components AB
Stockholm, Sweden

LM Ericsson Data Services AB
Stockholm, Sweden

Aktiebolaget LM Ericsson Finans (75%-owned)
Stockholm, Sweden

Ericsson Network Engineering AB
Stockholm, Sweden

Ericsson Programatic Sweden AB
Karlstad, Sweden

Ericsson Radar Electronics AB
Molndal, Sweden

Ericsson Radio Systems AB
Stockholm, Sweden

Ericsson Sverige AB
Sundbyberg, Sweden

Ericsson Telecom AB
Stockholm, Sweden

Erisoft AB
Lulea, Sweden

Industrigruppen JAS AB
Stockholm, Sweden

Magnetic AB
Stockholm, Sweden

Mellansvenska Elektriska AB
Stockholm, Sweden

John Martensson Elmaterial AB
Helsingborg, Sweden

Svenska Elgrossist AB SELGA
(67%-owned)
Stockholm, Sweden

Tocksfors Verkstads AB
Tocksfors, Sweden

Divisions and Subsidiaries (U.S.A.)

Ericsson North America, Inc.
Richardson, Texas

Ericsson, Inc.
Richardson, Texas

Network Systems
Richardson, Texas

Business Communications
Richardson, Texas

Radio Systems
Richardson, Texas

The Ericsson Corporation
New York, New York

Ericsson Components, Inc.
Richardson, Texas

Transfer Agent(s):*

Citibank, N.A.
New York, New York

* American Depositary Receipt

Stock Exchange(s): Stockholm*, London, Paris, Hamburg, Frankfurt-am-Main, Dusseldorf, Oslo, Geneva, Over-the-Counter (U.S.) * Class A and Class B shares; all others only Class B.

Ticker Symbol: ERICY (NASDAQ)* * American Depositary Receipt

Number of Employees:

1988	65,138
1987	70,893
1986	72,575
1985	78,159
1984	75,116

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	Skr31,297,000	Skr1,313,000
1987	32,400,000	735,000
1986	31,644,000	563,000
1985	32,496,000	837,000
1984	29,378,000	444,000

	No. of Com. Shares ‡	Earn. per Share ‡ †
1988	38,167,000	Skr27.06
1987	38,162,000	17.90
1986	38,011,000	14.96
1985	36,951,000	12.62
1984	36,899,000	30.54

Skr-Swedish knonor
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.
† After deducting appropriations.

Revenues By Line of Business

	1988	1987
Public telecommunications	43.7 %	33.6 %
Cables	8.9	9.9
Defense systems	8.1	9.9
Radio communications	15.2	8.8
Network engineering & construc.	9.1	6.8
Business communications	11.3	9.7
Components	2.3	2.4
Other	1.4	18.9
Total	100.0 %	100.0 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	Skr0.5	—	—
1987	9.00	—	
1986	9.00	—	—
1985	9.00	—	—
1984	9.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	Skr8,627,000	Skr226.03
1987	7,468,000	195.69
1986	7,299,000	192.02
1985	6,901,000	186.76
1984	6,560,000	177.78

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales	Skr31,297,000	Skr32,400,000
Cost of sales	17,579,000	17,952,000
Other revenues	(452,000)	(730,000)
Expenses	10,762,000	11,946,000
Depreciation	971,000	1,213,000
Interest expense	1,219,000	1,556,000
Interest income	(666,000)	(661,000)
Eq. in earn. of assoc. cos.	(241,000)	(166,000)
Minority interest	285,000	182,000
Inc. before appropriations & taxes	Skr1,840,000	Skr1,108,000
Appropriations to untaxed reserves	(280,000)	(51,000)
Income before taxes	Skr2,120,000	Skr1,159,000
Income taxes	880,000	488,000
Minority interest	(73,000)	(64,000)
Net Income	Skr1,313,000	Skr735,000

Assets
(000's)

As of Dec. 31	1988	1987
Cash	Skr3,780,000	Skr3,391,000
Accts. receiv., net	10,159,000	10,235,000
*Inventories	8,171,000	8,355,000
Other curr. assets	2,487,000	1,855,000
Current Assets	Skr24,597,000	Skr23,836,000
Deposits rel. to untaxed reserves	57,000	78,000
Notes & accts. receivable	458,000	499,000
Investments in assoc. cos.	826,000	807,000
Other investments	304,000	161,000
Other assets	1,704,000	1,123,000
#Fixed assets	6,679,000	6,778,000
Total Assets	Skr34,625,000	Skr33,282,000

Liabilities
(000's)

Short-term borrowings	Skr621,000	Skr1,245,000
Long-term debt, curr.	674,000	572,000
Accts. payable	2,727,000	2,391,000
Advances from customers	2,986,000	2,485,000
Accrued taxes	611,000	329,000
Other current liabilities	5,329,000	4,751,000
Curr. Liabilities	Skr12,948,000	Skr11,773,000
Debentures	1,524,000	1,669,000
Convert. debentures	1,528,000	1,588,000
Pension liabilities	3,437,000	3,414,000
Other liabilities	1,251,000	1,877,000
Untaxed reserves	4,506,000	4,742,000
Minority interest	804,000	751,000
+Common stock	1,911,000	1,908,000
Reserves not avail. for distr.	5,162,000	4,752,000
Cum. trans. adjust.	(84,000)	(197,000)
Retained earnings	1,638,000	1,005,000
Total Liabilities & Shareholders' Equity	Skr34,625,000	Skr33,282,000

* At standard cost.
# Less accumulated depreciation.
+ Skr50 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.77	3.58
%Net Income to Sales	4.20	2.27
%Net Income to Equity	15.22	9.84
Sales to Inventories	3.83	3.88
Debt to Equity	0.15	0.24
Working Capital (000's)	Skr11,649,000	Skr12,063,000
Current Ratio	1.90	2.02
Shareholders' Equity (000's)	Skr8,627,000	Skr7,468,000

Espey Mfg. & Electronics Corp.

Ballston and Congress Avenues
Saratoga Springs, New York 12866
(518) 584-4100

Officers: Sol Pinsley, president & chief exec. officer; Frieda Pinsley, v.p. & secretary; Herbert Potoker, treasurer & principal financial & accounting officer.

Directors: Albert K. Braim, Henry Breed, Frieda Pinsley, Sol Pinsley.

Areas of Work: Develops, designs, manufactures and markets specialized electronic power supplies, a wide variety of transformers and other types of iron-core components, and electronic systems, principally for military use.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Espey Mfg. & Electronics Corp.

Ticker Symbol: ESP

Number of Employees:

1987 . . . . 210 1986 239

Plant Footage:

1987 . . . . 87,000 sq. ft. 1986 87,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 13,243,534	$ 1,376,234
1986	13,806,276	1,726,618
1985	16,400,504	2,929,521
1984	16,423,999	3,843,448
1983	14,951,404	2,700,893

	No. of Com. Shares †	Earn. per Share ‡
1987	1,216,902	$ 1.13
1986	1,216,902	1.42
1985	1,216,902	2.41
1984	1,216,902	3.16
1983	1,216,902	2.23

N.A.- Not Available.

† Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Electronic power supplies	49 %	57 %
Iron-core components	19	24
Electronic systems	32	19
Total	100 %	100 %

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	
1985	0.40	—	—
1984	0.333	—	3-for-1
1983	0.30	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 18,724,161	$ 15.39
1986	17,815,854	14.64
1985	16,514,997	13.57
1984	14,012,737	11.52
1983	10,612,258	8.72

‡ Adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 13,243,534	$ 13,806,276
Cost of sales	10,045,534	9,959,060
Expenses	1,189,167	1,217,677
Interest income	(546,321)	(582,478)
Other income	(61,080)	(41,201)
Income before taxes	$ 2,616,234	$ 3,253,218
Income taxes	1,240,000	1,526,600
Net Income	$ 1,376,234	$ 1,726,618

* Included in Costs and Expenses, Depreciation and Amortization: $341,500 in 1987 and $328,693 in 1986.

Assets

As of June 30	1987	1986
Cash	$1,004,852	$248,800
Marketable securities	8,328,021	6,325,858
Accts. receiv., net	1,265,920	1,565,459
Refundable taxes	426,189	377,984
Other receivables	22,007	14,880
*Inventories	5,825,575	6,435,048
Prepaid expenses	228,560	226,653
Current Assets	$ 17,101,124	$ 15,194,682
Marketable securities	332,421	1,214,452
#Fixed assets	2,975,850	2,872,535
Other assets	5,000	5,000
Total Assets	$ 20,414,395	$ 19,286,669

Liabilities

	1987	1986
Accts. payable	$ 532,778	$ 266,518
Accrued salaries	208,229	226,879
Accrued payroll	99,168	146,509
Other accruals	34,808	43,864
Curr. Liabilities	$ 874,983	$ 683,770
Deferred inc. taxes	815,251	787,045
+Common stock	504,979	504,979
Add. paid-in capital	2,772,979	2,772,979
Retained earnings	15,925,436	15,035,963
Treasury stock	(470,454)	(470,454)
Unreal. loss on equity secur.	(8,779)	(27,613)
Total Liabilities & Shareholders' Equity	$ 20,414,395	$ 19,286,669

* At FIFO cost.

# Less accumulated depreciation and amortization.

+ $0.333 par value.

Statistical Summary

	1987	1986
%Income bef. Taxes to Sales	19.75	23.56
%Net Income to Sales	10.39	12.51
%Net Income to Equity	7.35	9.69
Sales to Inventories	2.27	2.15
Working Capital	$ 16,226.141	$ 14,510,912
Current Ratio	19.54	22.22
Shareholders' Equity	$ 18,724,161	$ 17,815,854

Esquire Radio & Electronics, Inc.

4100 First Avenue
Brooklyn, New York 11232
(718) 499-0020

Officers: A. Robert Lieberman, chairman of the board & president; Simon Lynn, executive v.p.; Paul Smith, v.p.-engineering & quality assurance; Nicholas Maffei, v.p.-sales & product development; Harvey Lieberman, v.p.-operations & treasurer; Lloyd Frank, secretary & counsel; Jay M. Lieberman, v.p.-customer services.

Directors: A. Robert Lieberman, chairman; Simon Lynn, Paul Smith, Gertrude Lieberman, Monte Levin.

Areas of Work: Imports and distributes electronic products, principally a line of telecommunications equipment, including telephones, telephone key systems and answering machines.

Subsidiaries:

Tangent Industries, Ltd.
Provides repair and factory refurbishing services.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: EE

Number of Employees:

1988 . . . . 143 1985 . . . . N.A.
1987 . . . . 118 1984 44
1986 63

N.A. - Not Available.

Plant Footage:

1988 . . . . 253,000 sq. ft. 1985 217,000
1987 . . . . 253,000 1984 440,000
1986 217,000

Sales & Earnings

	Net Sales	Net Income †
1988	$ 65,546,656	$ 1,856,261
1987	64,455,011	4,119,629
1986	16,134,871	202,810
1985	3,970,528	(55,042)
1984	10,488,187	851,960

	No. of Com. Sales #	Earn. per Share †#
1988	483,000	$ 3.84
1987	483,000	8.53
1986	483,000	0.42
1985	483,000	—
1984	483,000	1.76

(Loss)

† Including extraordinary gain of $2,569,459 ($5.32 per share) in 1987.

# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.99	—	—
1987	0.72	—	
1986	0.72	—	—
1985	0.72	—	—
1984	0.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 25,057,808	$ 51.88
1987	23,679,717	49.03
1986	19,907,848	41.22
1985	20,052,798	41.52
1984	20,455,600	42.35

# Based on the weighted average number of shares outstanding.

Income Account*

Year ended Dec. 31	1988	1987
Net sales	$ 65,546,656	$ 64,455,011
Cost of sales	61,964,182	61,281,222
Expenses	1,784,417	1,505,221
Interest income	(2,387,659)	(1,515,195)
Interest expense	909,258	263,840
Unusual items	—	52,020
Inc. bef. taxes	$ 3,276,458	$ 2,867,903
Income taxes	1,420,197	1,317,733
Net income	$ 1,856,261	$ 1,550,170
Extraord. gain	—	2,569,459
Net Income & extraord. gain	$ 1,856,261	$ 4,119,629

* Included in Costs and Expenses, Depreciation and Amortization: $40,055 in 1988 and $147,877 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 1,010,507	$ 402,404
Accts. receiv., net	5,279,635	7,225,392
*Inventories	19,262,392	33,010,000
Deferred inc. taxes	254,535	142,535
Prepaid expenses	281,540	117,018
Current Assets	$ 26,088,609	$ 40,897,349
#Fixed assets	95,706	135,761
Deferred comp. fund	1,041,621	952,994
Total Assets	$ 27,225,936	$ 41,986,104

Liabilities

Bank loans pay.	$ 600,000	$ 11,740,000
Accts. payable & accruals	963,654	2,256,561
Inc. taxes pay.	—	3,799,103
Curr. Liabilities	$ 1,563,654	$ 17,795,664
Deferred comp.	604,474	510,723
+Common stock	65,126	65,126
Add. paid-in cpaital	640,209	640,209
Retained earnings	26,290,637	24,912,546
Treasury stock	(1,938,164)	(1,938,164)
Total Liabilities & Shareholders' Equity	$ 27,225,936	$ 41,986,104

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.00	4.45
%Net Income to Sales	2.83	2.41
%Net Income to Equity	7.41	6.55
Sales to Inventories	3.40	1.95
Working Capital	$ 24,524,955	$ 23,101,685
Current Ratio	16.68	2.30
Shareholders' Equity	$ 25,057,808	$ 23,679,717

Esterline Corporation

10800 NE 8th Street
Suite 600
Bellevue, Washington 98004
(206) 453-6001

Officers: Carroll M. Martenson, chairman & chief executive officer; Wendell P. Hurlbut, president & chief operating officer; Robert W. Stevenson, exec. v.p. & chief financial officer; Robert W. Cremin, group vice president; Lee Zuker, group vice president; Stephen S. Roberts, group vice president; N. Huntley Holland, v.p.-industrial relations; Harold S. Meden, v.p.-corp. development; Victor Thompson, v.p. & controller.

Directors: Carroll M. Martenson, chairman; Robert S. Ames, Lee L. Davenport, Anne E. Dyson, Robert F. Goldhammer, C. Richard Owens, John A. Moran, Thomas J. Murrin, Donald Nigro.

Areas of Work: Manufactures products principally in the fields of printed circuit automation, quality control and instrumentation.

Divisions and Subsidiaries:

Equipment Sales Company, Inc.
150 Westford Road
Tyngsboro, Massachusetts 01879
Produces automated equipment for bareboard testing as well as shorts and opens testing of assembled printed circuit boards.

Hollis Automation, Inc.
15 Charron Avenue
Nashua, New Hampshire 03063
Automated systems for wave soldering and cleaning of printed circuit boards assemblies and related equipment.

Hollis Europe, Ltd.
Unit 1, Riverside
Sir Thomas Langey Road
Nedway City Estate
Strood, Kent M224DP, England

W.A. Whitney Corporation
650 Race Street
Rockford, Illinois 61105
(815) 964-6771

W.A. Whitney Italia, S.p.A.
Strada Del Francese 132/9
Turin 10156, Italy
Manufactures automated equipment for sheet metal, plate, and structural steel fabrication.

Excellon Automation
24225 Garnier Street
Torrance, California 90509
(213) 325-8000
Manufactures automated printed circuit board drilling and routing machinery and optical programming systems of such machinery.

Excellon Photonics
3000 Redhill Avenue
Costa Mesa, California 92626
Produces printed board imaging systems.

Excellon International
Dominion Way
Rustington, Littlehampton, West Sussex BN163HQ, England
Manufactures automated printed board production machinery, manual printed circuit board drilling and routing machinery.

Excellon Europa GmbH
Justus-von-Liebig-Str. 19
D-6057 Dietzenbach/BRD, West Germany

Tulon, Inc.
15209 South Broadway
Gardena, California 90248
(213) 532-1040
Produces tungsten carbide printed circuit board drills and metal cutting tools.

Federal Products Corporation
1144 Eddy Street
Providence, Rhode Island 02901
(401) 781-9300
Produces analog and digital dimensional measurement and inspection instruments for industrial quality control applications.

Federal Gauges, Ltd.
(50%-owned by Federal Products Corporation)
Brick Knoll Park, Ashley Road
St. Albans-
Herts AL1 5PL, England

Esterline-Angus Instrument Corporation
1201 Main Street
Indianapolis, Indiana 46224
(317) 244-7611
Manufactures analog and digital recording instruments, analytical process monitoring and control instrumentation.

Scientific Columbus, Inc.
1900 Arlingate Lane
Columbus, Ohio 43228
(614) 294-5671
Products include: Analog and digital electronic meters, transducers, and instruments for monitoring, billing, and controlling electric power.

Auxitrol S.A.
1, Rue d'Anjou BP241
92603 Asnieres, France

Auxitrol Iberico S.A.
C/Caucho 18, Poligono-Industrial
Apartado 30
28850 Torrejon de Ardoz (Madrid), Spain
Liquid level and pneumatic measuring and control devices; aviation and industrial thermo-couples; industrial alarms; electrical penetration devices for nuclear power plants.

Transfer Agent(s):

Manufacturers Hanover Trust Company
P.O. Box 24935
Church Street Station
New York, New York 10249

Stock Exchange(s): New York

Ticker Symbol: ESL

Number of Employees:

1988 . . . . 3,020 1986 3,130
1987 3,156

Plant Footage:

1988 . . . . . . 1,137,000 sq. ft. 1987 1,181,400

Sales & Earnings

	Net Sales +	Net Income ‡
1988	$ 284,418,000	$ 8,384,000
1987	259,661,000	(29,306,000)
1986	235,940,000	922,000
1985	254,252,000	2,163,000
1984	260,595,000	18,037,000

	No. of Com. Shares #	Earn. per Share ‡ #
1988	8,444,000	$ 0.99
1987	8,444,000	—
1986	8,444,000	0.11
1985	8,444,000	0.26
1984	8,446,000	2.14

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gain of $1,242,000 ($0.15 per share) in 1988.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Automation	$ 137,094	$ 117,689
Quality control	81,386	78,328
Instrumentation	65,938	63,644
Total	$ 284,418	$ 259,661

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.54	—	
1985	0.72	—	—
1984	0.66	—	—
1983	0.64	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 81,629,000	$ 9.67
1987	73,036,000	8.65
1986	101,073,000	11.97
1985	103,547,000	12.36
1984	106,336,000	12.59

# Based on the average number of common shares and common share equivalents outstanding.

Esterline Corporation

Income Account *
(000's)

Year ended Oct. 31		1988		1987
Net sales	$	284,418	$	259,661
Cost of sales		174,894		175,907
Expenses		91,393		89,318
Interest expense		3,827		5,879
Prov. for bus. restruc.		—		20,484
Income (loss) before taxes	$	14,304	$	(31,927)
Income taxes (credit)		7,162		(2,621)
Net Income (Loss)	$	7,142	$	(29,306)
Extraord. gain		1,242		—
Net Income (Loss) & extraord. gain	$	8,384	$	(29,306)

* Included in Costs and Expenses, Depreciation and Amortization: $8,531,000 in 1988 and $10,936,000 in 1987.

Assets
(000's)

As of Oct. 31		1988		1987
Cash	$	3,717	$	9,756
Accts. & notes receiv., net		48,835		59,159
*Inventories		57,149		59,685
Refund. inc. taxes		—		1,806
Prepaid expenses		2,924		4,181
Current Assets	$	112,625	$	134,587
#Fixed assets		39,132		40,106
Other assets		4,337		4,339
Intangibles		6,716		6,620
Total Assets	$	162,810	$	185,652

Liabilities
(000's)

Notes payable	$	1,999	$	29,039
Long-term debt, curr.		4,810		6,044
Accts. payable		18,843		22,066
Accruals		30,408		28,597
Income taxes		1,733		766
Curr. Liabilities	$	57,793	$	86,512
Long-term debt		23,090		25,252
Other liabilities		298		852
+ Common stock		14,122		14,122
Retained earnings		69,560		61,176
Cumulative translation adjustments		(2,053)		(2,262)
Total Liabilities & Shareholders' Equity	$	162,810	$	185,652

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales		5.03		—
%Net Income to Sales		2.51		—
%Net Income to Equity		8.75		—
Sales to Inventories		4.98		4.35
Debt to Equity		0.37		0.83
Working Capital	$	54,832,000	$	48,075,000
Current Ratio		1.95		1.56
Shareholders' Equity	$	81,629,000	$	73,036,000

E-Systems, Inc.

6250 LBJ Freeway
P.O. Box 660248
Dallas, Texas 75266-0248
(214) 661-1000

Officers: David R. Tacke, chairman of the board & chief exec. officer; E. Gene Keiffer, president & chief operating officer; A. Lowell Lawson, exec. v.p.; Terry W. Heil, sr. v.p. & group exec.-Information Systems Group; James W. Crowley, v.p., secretary & general counsel; Thomas D. Kelly, v.p.-finance & chief financial officer; James W. Pope, v.p. & controller; Joe W. Russell, v.p.-corp. relations & administration; Eaton Adams, Jr., v.p.-strategic planning & development; Harry L. Thurmon, v.p.-new business development; Charles R. Farmer, Jr., sr. v.p. & group exec.-Electronic Systems Group; Brian D. Cullen, v.p. & gen. mgr.-Greenville Division; Talbot S. Huff, Jr., v.p. & gen. mgr.-Melpar Division; Robert C. Kroeger, v.p.-quality & manufacturing; F. Eugene Stapp, v.p. & gen. mgr.-Garland Division.

Directors: David R. Tacke, chairman; James A. Bitonti, E. F. Buehring, John W. Dixon, Martin R. Hoffmann, LeVan Griffis, S. Lee Kling, Francine I. Neff, W. F. Raborn, A. Lowell Lawson, E. Gene Keiffer.

Areas of Work: Engaged in the development and production of command and control systems and equipment primarily for defense applications on a worldwide basis. Complete systems include clear and secure communication systems, large-scale data processing systems, software, datalink terminals, displays, and related antennas. Produces and develops electronic warfare systems and electromagnetic support equipment; intelligence processing, which includes signal processing systems, computer systems, and modeling, and systems studies; intelligence collection, which includes signal collection systems and systems studies; tactical/security electronics which includes jamming and deception systems, electronic countermeasure systems, radar homing and warning systems, fuzing and timing devices, intrusion detection devices, and special-purpose devices. Engaged in the production of military communications systems and equipment, and guidance and navigation systems; also produces information handling and data-display systems, and flight control systems. Also engaged in aircraft overhaul, maintenance and modification.

Divisions and Subsidiaries:

Garland Division
P.O. Box 660023
Dallas, Texas 75266
(214) 272-0515

Melpar Division
7700 Arlington Boulevard
Falls Church, Virginia 22046
(703) 560-5000

Montek Division
2268 South 3270 West
Salt Lake City, Utah 84119
(801) 973-4300

Greenville Division
P.O. Box 1056
Greenville, Texas 75401
(214) 455-3450

Serv-Air, Inc.
P.O. Box 1669
Greenville, Texas 75401
(214) 454-2000

ECI Division
P.O. Box 12248
1501 72nd Street No.
St. Petersburg, Florida 33733
(813) 381-2000

Center for Advanced Planning and Analysis
1 Flint Hill Office Park
10530 Rosehaven Street, Suite 200
Fairfax, Virginia 22030
(703) 352-0300

Communications Manufacturing Division
P.O. Box 33010
2501 72nd Street North
St. Petersburg, Florida 33733
(813) 381-1151

Transfer Agent(s):

MTRUST
Stock Transfer Dept.
P.O. Box 2320
Dallas, Texas 75221-2320

Stock Exchange(s): New York, London

Ticker Symbol: ESY

Number of Employees:

1988	16,717
1987	15,506
1986	14,932
1985	13.405
1984	11,984

Plant Footage:

1988	5,630,000 sq. ft.
1987	5,440,000
1986	5,375,000
1985	5,600,000
1984	5,000,000

Sales & Earnings

	Net Sales +		Net Income
1988	$ 1,439,012,000	$	74,570,000
1987	1,227,237,000		60,400,000
1986	1,135,072,000		61,553,000
1985	926,753,000		44,982,000
1984	779,678,000		61,109,000

	No. of Comm. Shares		Earn. per Share ‡
1988	30,897,866	$	2.40
1987	30,822,822		1.95
1986	30,420,141		2.00
1985	30,035,797		1.47
1984	29,687,373		2.02

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

		1988		1987
Electronic warfare	$	935,264	$	747,936
Command, control & communications		282,998		257,595
Guidance, control & navigation		79,304		61,694
Aircraft maintenance & modification		141,446		160,012
Total	$	1,439,012	$	1,227,237

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.50	—	—
1987	0.50	—	
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—

Common Stock Equity

	Total Equity		Equity Per Share
1988	$ 490,948,000	$	15.89
1987	429,511,000		13.93
1986	376,971,000		12.39
1985	320,989,000		10.69
1984	285,954,000		9.63

Income Account *
(000's)

Year ended Dec. 31		1988		1987
Net sales	$	1,439,012	$	1,227,237
Other income(expense)		4.123		(2,697)
Total income	$	1,443,135	$	1,224,540

Cost of sales	1,218,120	1,029,293
Expenses	106,295	91,755
Interest expense	9,058	7,314
Income before taxes	$ 109,662	$ 96,178
Income taxes	35,092	35,778
Net Income	$ 74,570	$ 60,400

* Included in Costs and Expenses, Depreciation and Amortization: $34,123,000 in 1988 and $29,779,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & securities	$ 27,290	$ 10,911
Short-term invest.	—	570
Accts. receiv., net	251,493	208,915
Unreimbursed costs & fees	106,333	91,816
Fixed-price contracts	94,831	92,860
Raw materials & purch. parts	9,425	9,135
Prepaid health care	—	10,500
Prepaid expenses	7,940	7,542
Current Assets	$ 497,312	$ 432,249
#Fixed assets	212,578	195,525
Prepaid pension costs	35,317	24,537
Defer. charges & other assets	13,035	13,313
Total Assets	$ 758,242	$ 665,624

Liabilities
(000's)

Long-term debt, curr.	$ 19,982	$ 32,855
Accts. payable	67,701	47,240
Accruals	49,207	66,953
Income taxes	3,418	972
Def. inc. taxes	—	2,394
Curr. Liabilities	$ 140,308	$ 150,414
Long-term debt	86,201	49,832
Deferred items	40,785	35,867
+Common stock	30,898	30,823
Add. paid-in capital	80,213	77,990
Retained earnings	379,837	320,698
Total Liabilities & Shareholders' Equity	$ 758,242	$ 665,624

# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	7.62	7.84
% Net Income to Sales	5.18	4.92
% Net Income to Equity	15.19	14.06
Debt to Equity	0.22	0.19
Working Capital	$ 357,004,000	$ 281,835,000
Current Ratio	3.54	2.87
Shareholders' Equity	$ 490,948,000	$ 429,511,000

Evans & Sutherland Computer Corporation

600 Komas Drive
P.O. Box 8700
Salt Lake City, Utah 84108
(801) 582-5847

Officers: David C. Evans, chairman of the board, president & chief executive officer; Rodney S. Rougelot, v.p. & pres.-Simulation Division; Richard F. Leahy, v.p. & secretary-treasurer; Gary E. Meredith, v.p.; Susan K. Mickelsen, v.p.; J. Robert Driggs, v.p. & chief financial officer; C. Grant Schultz, controller; Jean Yves Leclerc, pres.-Computer Division; Russell A. Brown, v.p..

Directors: David C. Evans, chairman; Ivan E. Sutherland, Peter O. Crisp, Rodney S. Rougelot, Stewart Carrell, Henry N. Christiansen.

Areas of Work: Designs, manufactures, markets and services special purpose digital computers and software systems used in various operations which are aided by or require visual presentation of a digital model stored in the computer memory. Applications include pilot training simulators, design engineering work stations, graphics art design workstations and scientific research.

Subsidiaries:

Evans & Sutherland Ltd.
Cambridge, England
Develops, markets and services computer software products for use in geometric mechanical modeling and consulting services related to computer aided design.

Tripos Associates, Inc.
St. Louis, Missouri
Engaged in software development for molecular modeling.

Transfer Agent(s):

Zions First National Bank, N.A.
One South Main Street
Salt Lake City, Utah 84111

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ESCC (NASDAQ)

Number of Employees:

1988	1,225
1987	1,350
1986	1,200
1985	1,000
1984	915

Plant Footage:

1988	494,000 sq. ft.
1987	319,000
1986	312,000
1985	308,000
1984	260,000

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 129,625,000	$ 1,887,000
1987	134,415,000	14,745,000
1986	109,264,000	10,877,000
1985	79,588,000	6,191,000
1984	70,116,000	7,309,000

	No. of Com. Shares #	Earn. per Share ‡ #
1988	8,487,331	$ 0.22
1987	8,557,742	1.72
1986	8,192,434	1.33
1985	8,638,698	0.72
1984	8,826,367	0.83

‡ Including extraordinary gain of $1,094,141 ($0.13 per share) in 1988.
# Based on the weighted average number of common shares and common share equivalents outstanding fully diluted.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 97,794,000	$ 11.52
1987	94,621,000	11.06
1986	76,664,000	9.36
1985	65,238,000	7.55
1984	70,100,000	7.94

# Based on the weighted average number of common shares and common share equivalents outstanding fully diluted.

Income Account *

Year ended	12/30/88	12/25/87
Net sales	$ 129,625,362	$ 134,415,023
Cost of sales	64,918,004	59,729,864
Expenses	64,878,033	58,142,560
Interest income	(4,479,462)	(3,774,459)
Interest expense	3,426,621	3,344,467
Other expense (income)	478,351	(6,918,022)
Minority interest	—	(4,309)
Income before taxes	$ 403,815	$ 23,894,922
Income taxes (credit)	(389,171)	9,150,392
Net Income	$ 792,986	$ 14,744,530
Extraord. gain	1,094,141	—
Net Income & extraord. gain	$ 1,887,127	$ 14,744,530

* Included in Costs and Expenses, Depreciation and Amortization: $9,945,572 in 1987 and $6,245,950 in 1986.

Assets

As of	12/30/88	12/25/87
Cash & temp. cash invest.	$ 47,590,326	$ 69,188,903
Receivables, net	45,488,443	36,049,179
Costs in exc. of billings	19,372,318	14,656,073
*Inventories	16,010,142	21,164,047
Prepaid expenses	1,805,157	3,414,350
Current Assets	$ 130,266,386	$ 144,472,552
Investments	4,248,939	4,098,261
#Fixed assets	57,911,945	48,908,440
Other assets	2,671,754	2,664,784
Total Assets	$ 195,099,024	$ 200,144,037

Liabilities

Notes payable	$ 456,727	$ —
Long-term debt, curr.	130,466	678,420
Accts. payable	6,504,417	5,058,868
Accruals	11,775,098	14,959,988
Billings in exc. of costs	8,087,244	4,272,572
Cust. deposits	4,674,351	4,539,857
Income taxes	2,339,117	2,120,460
Deferred income taxes	1,555,500	6,512,500
Curr. Liabilities	$ 35,522,920	$ 38,142,665
Long-term debt	57,029,230	62,600,633
Deferred income taxes	4,752,734	4,780,205
+Common stock	1,686,182	1,675,760
Add. paid-in capital	12,577,109	11,738,352
Retained earnings	83,010,488	81,123,361
For. curr. trans. adjust.	612,719	129,371
Treasury stock	(92,358)	(46,310)
Total Liabilities & Shareholders' Equity	$ 195,099,024	$ 200,144,037

* Raw materials at lower of weighted average cost or market. Finished goods and work in progress stated at accum. mfg. costs, not in excess of market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.31	17.78
%Net Income to Sales	0.61	10.97
%Net Income to Equity	0.81	15.58
Sales to Inventories	8.10	6.20
Debt to Equity	0.59	0.67
Working Capital	$ 94,743,466	$ 106,329,887
Current Ratio	3.67	3.75
Shareholders' Equity	$ 97,794,140	$ 94,620,534

Extek Microsystems, Inc.

6955 Hayvenhurst Avenue
Van Nuys, California 91406
(818) 989-2630

Officers: Donald J. Farmer, president & treasurer; James R. Modrall, v.p.-engineering & operations; Bernard Shearer, secretary; Denise M. Gilmore, asst. secretary.

Directors: Donald J. Farmer, Bernard Shearer, Robert H. Webster.

Areas of Work: Designs, manufactures, and sells microfilm duplication products, and distributes microfilm equipment and film.

Transfer Agent(s):

City National Bank
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Number of Employees

1988	32	1986	33
1987	31	1985	26

Plant Footage

1988	25,000 sq. ft.	1986	25,000
1987	25,000	1985	15,300

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 3,965,810	$ 182,588
1987	3,922,816	(150,189)
1986	4,100,297	187,237
1985	3,171,580	138,745
1984	2,489,053	104,889

	No. of Com. Shares	Earn. per Share ‡ +
1988	149,260	$ 0.87
1987	149,260	—
1986	149,260	0.90
1985	149,260	0.66
1984	148,460	0.50

(Loss)
‡ Including extraordinary gain of $43,000 ($0.20 per share) in 1988.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity ‡	Equity Per Share
1988	$ 1,551,344	$ 10.39
1987	1,371,156	9.19
1986	1,523,745	10.21
1985	1,338,968	8.97
1984	1,201,363	8.09

‡ After allowing for preferred stock at par value of $100 per share.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 3,965,810	$ 3,922,816
Other income	40,576	60,504
Total income	$ 4,006,386	$ 3,983,320
Cost of sales	2,554,432	2,538,521
Expenses	889,070	1,233,808
Research & develop.	317,245	298,083
Interest expense	40,551	63,097
Income (loss) before taxes	$ 205,088	$ (150,189)
Income taxes	65,500	—
Net Income (Loss)	$ 139,588	$ (150,189)
Extraord. gain	43,000	—
Net Income (Loss) & extraord. gain	$ 182,588	$ (150,189)

* Included in Costs and Expenses, Depreciation and Amortization: $78,323 in 1988 and $75,429 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 129,944	$ 95,423
Receiv., net	667,646	635,496
* Inventories	1,154,425	995,190
Prepaid expenses & other assets	88,714	51,125
Refund inc. taxes	—	28,000
Current Assets	$ 2,040,729	$ 1,805,234
# Fixed assets	226,570	241,098
Other assets	15,781	17,992
Total Assets	$ 2,283,080	$ 2,064,324

Liabilities

Notes payable	$ 148,000	$ 200,000
Accts. payable & accruals	304,669	148,973
Accrued payroll	67,480	70,800
Income taxes	59,532	38,006
Long-term debt. curr.	83,333	83,333
Curr. Liabilities	$ 663,014	$ 541,112
Long-term debt	34,722	118,056
+ Preferred stock	34,000	34,000
++ Common stock	10,101	10,101
Add. paid-in capital	3,054,149	3,054,149
Deficit	(1,385,746)	(1,565,934)
Treasury stock	(127,160)	(127,160)
Total Liabilities & Shareholders' Equity	$ 2,283,080	$ 2,064,324

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value; 8% cumulative convertible.
++ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.17	—
%Net Income to Sales	3.52	—
%Net Income to Equity	8.80	—
Sales to Inventories	3.44	3.94
Debt to Equity	0.17	0.29
Working Capital	$ 1,377,715	$ 1,264,122
Current Ratio	3.08	3.34
Shareholders' Equity	$ 1,585,344	$ 1,405,156

Fairchild Industries, Inc.

Washington Dulles International Airport
300 West Service Rd., P.O. Box 10803
Chantilly, Virginia 22021
(703) 478-5800

Officers: Emanuel Fthenakis, chairman of the board, president & chief executive officer; John J. McDowell, sr. v.p. & gen. counsel; Edward M. Murchie, sr. v.p., chief financial officer & treasurer; Peter A. Marino, sr. v.p.-operations & technology; John D. Jackson, v.p. & secretary; James P. Allen, v.p. & controller; John L. Flynn, v.p. & tax counsel; Harold R. Johnson, v.p.-business development; Richard G. Orr, v.p. & president-Fairchild Industrial Products Co.; Thomas F. Spoehr, v.p. & president-Aerospace Fasteners Division; Jerry R. Lirette, v.p. & president-D-M-E Company.

Directors: Emanuel Fthenakis*, chairman; Mortimer M. Caplin*, Thomas H. Moorer*, Robert V. Hansberger, R. James Woolsey*, E. Garrett Bewkes, Jr., Robert L. May.

* Member of the Executive Committee

Areas of Work: Space & Defense Electronics products include spacecraft, space subsystems, electronic and mechanical hardware, and technical support; Aerospace Fasteners products include aerospace pins and collars, lock bolts, blind bolts, blind rivets, nuts, special bolts and recessed fasteners; Industrial Products include plastics injection molding tooling and electronic control systems, industrial controls, mechanical transmissions and industrial and process instrumentation, and telecommunications equipment, primarily modems; also provides communications services.

Divisions and Subsidiaries:

Fairchild Industrial Products Company
1501 Fairchild Drive
Winston-Salem, North Carolina 27105
(919) 767-6010
Pneumatic, electropneumatic and mechanical power controls.

Fairchild Communications & Electronics Company
Sherman Fairchild Technology Center
20301 Century Boulevard
Germantown, Maryland 20874
(301) 428-6000
Communications and avionics equipment.

Fairchild Control Systems Company
1800 Rosecrans Avenue
Manhattan Beach, California 92066
(213) 643-9222
Fluid systems hardware and environmental control systems.

Fairchild Communications Services Co.
Washington Dulles International Airport
P.O. Box 10804
300 West Service Road
Chantilly, Virginia 22021
(703) 478-5980
Telecommunications systems.

Harco
P.O. Box 767
557 South Douglas Street
El Segundo, California 90245
(213) 643-9400
Aerospace locknuts.

Fairchild Data Corporation
350 North Hayden Road
Scottsdale, Arizona 85257
(602) 949-1155
Satellite modems and other telecommunications equipment.

D-M-E Company
29111 Stephenson Highway
Madison Heights, Michigan 48071
(313) 398-6000
Standard mold bases and components for plastics and die casting industry.

Fairchild Space Company
20301 Century Boulevard
Germantown, Maryland 20874
(301) 428-6000
Spacecraft and space subsystems.

Screwcorp
13001 East Temple Avenue
City of Industry, California 91746
(818) 369-3333
Aerospace fasteners.

Voi-Shan
8463 Higuera Street
Culver City, California 90232
(213) 202-8200
Aerospace fasteners.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: FEN

Number of Employees:

1988	4,989	1985	12,380
1987	4,877	1984	12,726
1986	11,230		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 538,690,000	$ 26,973,000
1987	453,832,000	23,071,000
1986	448,834,000	(9,962,000)
1985	407,294,000	(167,095,000)
1984	357,077,000	1,382,000

	No. of Com. Shares	Earn. per Share # †
1988	14,377,900	$ 1.37
1987	14,126,371	0.84
1986	14,300,338	—
1985	13,716,740	—
1984	13,505,176	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $8,906,000 ($0.62 per share) in 1988 and $13,199,000 ($0.92 per share) in 1987.
# Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Space & defense elec.	$ 200,787	$ 122,214
Aerospace fasteners	174,382	181,965
Industrial prods.	150,034	143,597
Communications services	13,487	6,056
Total	$ 538,690	$ 453,832

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.20	—	—
1987	0.20	—	
1986	0.20	—	—
1985	0.35	—	—
1984	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 68,976,000 ‡	$ 4.80
1987	46,622,000 ‡	3.30
1986	28,873,000	2.02
1985	45,396,000	3.16
1984	222,999,000	16.51

‡ After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 538,690	$ 453,832
Other income	1,995	20,758
Interest income	9,667	7,703
Total income	$ 550,352	$ 482,293
Cost of sales	409,482	340,442
Expenses	94,659	91,994
Interest expense	20,465	26,924
Income bef. taxes	$ 25,746	$ 22,933
Income taxes	10,257	11,442
Inc.- cont. oper.	$ 15,489	$ 11,491
Inc. (loss) - discont. oper.	2,578	(4,372)
Cum. effect of change in acctng. meth.	—	2,753
Net Income	$ 18,067	$ 9,872
Extraord. gain	8,906	13,199
Net Income & extraord. gain	$ 26,973	$ 23,071

* Included in Costs and Expenses, Depreciation and Amortization: $15,487,000 in 1988 and $16,679,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 69,726	$ 120,454
Accts. & notes receiv., net	79,936	67,947
Other receivables	10,540	11,576
* Inventories	97,044	97,497
Prepaid expenses	2,496	3,664
Current Assets	$ 259,742	$ 301,138
# Fixed Assets	92,049	83,165
Intangibles	57,529	59,349
Other assets	17,080	18,877
Net assets-discont. oper.	14,675	20,064
Total Assets	$ 441,075	$ 482,593

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 24,255	$ 9,049
Accts. payable	48,502	48,688
Accruals	46,111	58,136
Income taxes	3,656	4,599
Curr. Liabilities	$ 122,524	$ 120,472
Long-term debt	46,700	67,699
Other debt	35,702	41,709
Other liabilities	82,409	86,867
+ Redeemable pref. stock	74,504	108,964
+ + Preferred stock	10,260	10,260
+ + + Common stock	144	144
Add. paid-in capital	78,628	74,726
Retained earnings (deficit)	(11,444)	(28,144)
Cum. transl. adjust.	1,716	1,991
Treasury stock	(68)	(2,095)
Total Liabilities & Shareholders' Equity	$ 441,075	$ 482,593

* Lower of cost or estimated realizable value.
# Less accumulated depreciation and amortization.
+ No par value; $3.60 cumulative.
+ + No par value; convertible.
+ + + $0.01 par value.

Statistical Summary

%Net Income to Equity	39.10	17.36
Sales to Inventories	5.55	4.65
Debt to Equity	1.55	2.12
Working Capital	$ 137,218,000	$ 180,666,000
Current Ratio	2.12	2.50
Shareholders' Equity	$ 68,976,000	$ 56,882,000

Fansteel Inc.

Number One Tantalum Place
North Chicago, Illinois 60064
(312) 689-4900

Officers: K. R. Garrity, chairman of the board, president & chief exec. officer; C. V. Emory, president & chief operating officer; C. D. Dannible, exec. v.p.-management planning & procurement; W. C. Herchenrider, exec. v.p.-marketing & sales; J. B. Lambert, v.p. & gen. mgr.-Metals Group; R. W. McGinnis, v.p. & gen. mgr.-Custom Technologies Group; G. B. Lynch, v.p. & gen. mgr.-precision sheet metal; P. J. Sandore, v.p. & gen. mgr.-VR/Wesson Group; S. M. Jacobsen, v.p. & chief financial officer; M. J. Mocniak, v.p., general counsel & secretary; R. M. McEntee, asst. secretary & mgr.-corp. accounting; M. J. Zimmermann, treasurer & tax manager.

Directors: Thomas M. Evans, Robert M. Drevs, Keith R. Garrity, C. J. Queenan, Jr., B. B. Evans, C. V. Emory, J. S. Petrik, A. J. Wagner, Jr., T. M. Evans, Jr., C. D. Dannible.

Areas of Work: Manufactures refractory metals and fabricates high technology products for the automotive, appliance, metal working, mining, aerospace, recreational, electronic and chemical industries. Produces tantalum metal sheets, wire foil, and power. Other products lines include tungsten carbide cutting tools, refractory metal mill products, aerospace and aircraft engine components, chemical equipment, electronic materials and commerical castings.

Divisions:

Custom Technologies
Number One Tantalum Place
North Chicago, Illinois 60064

Manufactures high integrity products with particular expertise in large aluminum and magnesium sand castings used in helicopters, gas turbine engines and missile systems; manufactures investment castings and wire forms.

Escast
21 N. Church Street
Addison, Illinois 60101

Escast, Tool-It Plant
1980 Whitefield Avenue
Sarasota, Florida 33580

Washington Manufacturing
800 East 7th Street
P.O. Box 486
Washington, Iowa 52353

Wellman Dynamics
U.S. Route 34
P.O. Box 147
Creston, Iowa 50801

VR/Wesson
Plantsville
389 Marion Avenue
Plantsville, Connecticut 06479

Lexington
Lisle Road
P.O. Box 11399
Lexington, Kentucky 40575

Hydro Carbide
P.O. Box 363
Latrobe, Pennsylvania 15650

Hydro Carbide
P.O. Box 2368
Gulfport, Mississippi 39503

VR/Wesson Industrial Supply
500 Industrial Drive
Beckley, West Virginia 25801

Metals Group

Tantalum, columbium and other special metals; electronic-grade tantalum powder, and wire.

North Chicago Plant
Number One Tantalum Place
North Chicago, Illinois 60064

Muskogee Plant
Number Ten Tantalum Place
Muskogee, Oklahoma 74401

Aerospace

Products and services include special material structures and fabrications primarily for aerospace/aircraft, and forgings.

Fansteel Inc.

California Drop Forge
1033 Alhambra Avenue
Los Angeles, California 90012
(213) 221-1134

Precision Sheet Metal
5235 W. 104th Street
Los Angeles, California 90045
(213) 670-1030

International

Interturbine Fansteel B.V.
Industrieterrein Spikwelen
Spiktweg 13-5943 AC Lomm
The Netherlands

V Tech-Fansteel, Inc. (51%-owned)
8F Mitsui Seimei Building
84-2, 6-Chome, Ohtacho Naka-Ku
Yokohama, Japan (231)

Transfer Agent(s):

Mellon Bank N.A.

Stock Exchange(s): New York

Ticker Symbol: FNL

Number of Employees:

1988	N.A.	1985	2,555
1987	2,012	1984	1,997
1986	2,050		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 206,976,095	$ 2,151,849
1987	176,335,385	(2,953,988)
1986	210,126,760	2,773,855
1985	208,092,988	7,704,499
1984	180,450,015	11,155,336

	No. of Com. Shares †	Earn. per Share †
1988	8,598,858	$ 0.25
1987	8,598,858	—
1986	8,598,858	0.32
1985	8,598,858	0.90
1984	8,598,858	1.30

(Loss)
† Based on the average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Metal Producers	$ 38,484,128	$ 31,926,098
Industrial Tools	51,760,792	46,166,399
Metal Fabrications	116,731,175	98,242,888
Total	$ 206,976,095	$ 176,335,385

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.60	—	—
1987	0.60	—	
1986	0.60	—	—
1985	0.60	—	—
1984	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 68,229,584	$ 7.93
1987	71,057,152	8.26
1986	78,876,378	9.17
1985	80,796,791	9.40
1984	77,916,807	9.06

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 206,976,095	$ 176,335,385
Cost of sales	176,669,290	157,958,403
Expenses	21,336,223	19,943,461
Research & develop.	644,582	771,964
Restruc. costs	1,570,033	1,254,963
Interest expense	3,394,533	2,423,572
Interest income	(770,045)	(806,972)
Other expense (income)	438,630	(224,018)
Income (loss) bef. taxes	$ 3,692,849	$ (4,985,988)
Income taxes (credit)	1,541,000	(2,032,000)
Net Income (Loss)	$ 2,151,849	$ (2,953,988)

* Included in Costs and Expenses, Depreciation: $7,746,407 in 1988 and $8,853,476 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 11,603,[illegible]43	$ 22,146,478
Accts. receiv., net	34,934,579	25,873,424
Income tax refunds	1,544,000	3,030,000
* Inventories	45,507,956	42,408,415
Prepaid expenses	1,557,427	978,487
Current Assets	$ 95,147,605	$ 94,436,804
# Fixed assets	41,168,720	35,789,952
Other assets	7,183,957	5,066,979
Total Assets	$ 143,500,282	$ 135,293,735

Liabilities

Long-term debt, curr.	$ 5,864,194	$ 4,815,194
Accts. payable	13,260,338	10,092,121
Accruals	10,812,417	9,354,779
Income taxes	405,908	376,446
Dividends payable	1,289,829	1,289,829
Short-term debt	12,743,992	3,480,000
Curr. Liabilities	$ 44,376,678	$ 29,408,369
Long-term debt	30,685,020	34,371,214
Minority interest	209,000	457,000
+ Common stock	21,497,145	21,497,145
Retained earnings	45,715,576	48,723,042
For. curr. trans.	1,016,863	836,965
Total Liabilities & Shareholders' Equity	$ 143,500,282	$ 135,293,735

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.78	—
%Net Income to Sales	1.04	—
%Net Income to Equity	3.15	—
%Sales to Inventories	4.55	4.16
Debt to Equity	0.72	0.60
Working Capital	$ 50,770,927	$ 94,436,804
Current Ratio	2.14	3.21
Shareholders' Equity	$ 68,229,584	$ 71,057,152

Federal Signal Corporation

1415 West 22nd Street
Oak Brook, Illinois 60521-9945
(312) 954-2000

Officers: Joseph J. Ross, president & chief exec. officer; Charles R. Campbell, sr. v.p. & chief financial and administrative officer; Kim A. Wehrenberg, v.p., general counsel & secretary; Robert W. Re[illegible]ic, v.p. & treasurer; Richard L. Ritz, controller; Stephen C. Buck, v.p.-corp. development; Robert H. Freebeck, v.p.-corp. services; Denise Grabavoy, asst. secretary & corp. attorney.

Directors: J. Patrick Lannan, Jr., James A. Lovell, Jr., Thomas N. McGowen, Jr., Joseph J. Ross, Walter R. Peirson.

Areas of Work: Company operations are divided into four major groups: Signal, Sign, Tool, and Vehicle. Principal products include sirens, emergency lights, fire alarm systems, security and parking control systems, signs, fire trucks, street sweepers, special vehicle chassis, precision punches and cutting tools.

Divisions and Subsidiaries:

Signal Group

Signal Products
2645 Federal Signal Drive
University Park, Illinois 60466
(312) 534-3400
Warning, signaling and communications products for municipalities and ind[illegible]

Autocall, Inc.
41 East Tucker Avenue
Shelby, Ohio 44875
(419) 347-2400
Fire alarm and evacuation systems.

Federal APD Inc.
24700 Crestview Court
Farmington Hills, Michigan 48331
(313) 477-2700
Parking and access control systems.

Sign Group

Burr Ridge, Illinois
Arlington, Texas
Oceanside, California
Knoxville, Tennessee
Daytona Beach, Florida
Oceanside, California

Custom identification, sign displays, illuminated awnings and electronic message centers.

Tool Group

Dayton Progress Corporation
500 Progress Road
Dayton, Ohio 45449
(513) 859-5111
Precision punches and die components.

Manchester Tool Company
5142 Manchester Road
Akron, Ohio 44319
(216) 644-8853
Deep grooving tools.

Bassett Rotary Tool Company
710 West Fisher Street
Monticello, Indiana 47960
(219) 583-7166
Carbide cutting tools.

Jamestown Perforators Inc.
1914 Washington Street
Jamestown, New York 14701
(716) 664-7575
Metal punches, dies, and small tooling components.

Vehicle Group

Emergency One, Inc.
1701 S.W. 37th Avenue
Ocala, Florida 32678
(904) 237-1122
Aluminum-bodied fire trucks and rescue vehicles.

Federal Motors, Inc.
3611 S.W. 20th Street
Ocala, Florida 32678
(904) 237-6215
Custom chassis and special vehicles.

Elgin Sweeper Company
1300 West Bartlett Road
Elgin, Illinois 60121
(312) 741-5370
Street sanitation equipment including sweepers and vacuums.

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: FSS

Number of Employees:

1988	4,067	1985	3,422
1987	3,842	1984	3,236
1986	3,388		

Plant Footage:

1988	N.A.	1986	979,000
1987	1,163,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings x

	Net Sales	Net Income
1988	$ 375,400,000	$ 18,600,000
1987	320,000,000	14,900,000
1986	285,200,000	11,800,000
1985	279,700,000	11,700,000
1984	259,200,000	9,400,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	10,142,000	$ 1.83
1987	10,475,000	1.42
1986	10,393,000	1.14
1985	10,074,000	1.16
1984	10,079,000	0.93

x Restated to reflect adoption of Statement No. 94, " Consolidation of all majority-owned subsidiaries."
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1988	1987
Signal	$ 91,492,000	$ 89,707,000
Vehicle	148,820,000	130,553,000
Sign	56,752,000	47,056,000
Tool	78,383,000	52,720,000
Total	$ 375,447,000	$ 320,036,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.73	10%	—
1987	0.66	10%	
1986	0.66	—	—
1985	0.66	—	—
1984	0.66	—	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 115,500,000	$ 11.39
1987	103,200,000	9.85
1986	102,400,000	9.85
1985	91,100,000	9.04
1984	85,300,000	8.46

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Net sales	$ 375,447	$ 320,036
Cost of sales	246,073	209,178
Expenses	93,991	83,307
Interest expense	6,496	3,469
Other income	(74)	(353)
Income before taxes	$ 28,961	$ 24,435
Income taxes	10410	9,558
Net Income	$ 18,551	$ 14,877

‡ Restated.
* Included in Costs and Expenses, Depreciation: $7,258,000 in 1988 and $5,718,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash & short-term invest.	$ 908	$ 2,487
Accts. receiv., net	60,803	54,452
*Inventories	54,999	55,499
Prepaid expenses	2,512	2,662
Current Assets	$ 119,222	$ 115,100
#Fixed assets	51,637	50,639
Goodwill	18,893	16,560
Deferred charges & other assets	4,493	4,175
Financial serv. activities	56,822	46,871
Total Assets	$ 251,067	$ 233,345

Liabilities
(000's)

Short-term borrowings	$ 6,532	$ 10,293
Accts. payable	13,409	12,621
Accrued compensation	16,057	15,552
Other accruals	18,260	16,802
Income taxes	5,461	5,946
Curr. Liabilities	$ 59,719	$ 61,214
Long-term debt	18,608	20,772
Deferred inc. taxes	8,495	8,457
Financial serv. activities	48,747	39,663
+Common stock	10,137	9,155
Add. paid-in capital	97,232	77,781
Retained earnings	8,417	16,507
Deferred stock awards	(1,123)	(1,105)
For. curr. trans. adjust.	835	901
Total Liabilities & Shareholders' Equity	$ 251,067	$ 233,345

‡ Restated.
* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.71	7.64
%Net Income to Sales	4.94	4.65
%Net Income to Equity	16.06	14.41
Sales to Inventories	6.83	5.77
Debt to Equity	0.64	0.69
Working Capital	$ 59,503,000	$ 53,886,000
Current Ratio	2.00	1.88
Shareholders' Equity	$ 115,498,000	$ 103,239,000

Federated Purchaser, Inc.

50 Lafayette Place
Kenilworth, New Jersey 07033
(201) 272-0505

1425 East Woodlawn Street
Allentown, Pennsylvania 18103
(215) 437-4481

Officers: Arthur C. Kammerman, chairman; Harry J. Fallon, president; Steven J. Jordan, v.p.-sales & marketing; Jane A. Christy, v.p.-operations; Marie Santasiri, secretary; William Hall, treasurer & controller.

Directors: Arthur C. Kammerman, chairman; Edmund L. Hoener, Harry J. Fallon, John Rudder.

Areas of Work: Engaged in the marketing of electronic parts, components and equipment to industrial customers. These products include a broad range of products, including semiconductors, wire, transformers, relay systems, capacitors and electronic tubes.

Transfer Agent(s):

The National State Bank
Elizabeth, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EFDP (NASDAQ)

Number of Employees:

1988 28

Sales & Earnings

	Net Sales	Net Income
1988	$ 6,512,198	$ 123,293
1987	5,625,766	(28,087)
1986	5,864,255	110,963
1985	6,970,733	216,296
1984	7,305,216	281,654

	No. of Com. Shares +	Earn. per Share +
1988	1,632,389	$ 0.08
1987	1,629,535	—
1986	1,720,385	0.06
1985	1,720,053	0.13
1984	1,715,906	0.16

(Loss)
+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.03	—	
1986	0.06	—	—
1985	0.06	—	5-for-4
1984	0.06	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 2,331,207	$ 1.43
1987	2,199,943	1.35
1986	2,330,901	1.35
1985	2,342,963	1.36
1984	2,227,764	1.30

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account

Year ended October 31	1988	1987
Net sales	$ 6,512,198	$ 5,625,766
Cost of sales	4,944,917	4,313,296
Expenses	1,371,532	1,341,963
Depreciation & amortization	54,687	70,113
Interest income	(52,555)	(49,879)
Other income	(7,656)	—
Income (loss) bef. taxes	$ 201,273	$ (49,727)

Income taxes (credit)	77,980	(21,640)
Net Income (Loss)	$ 123,293	$ (28,087)

Assets

As of October 31	1988	1987
Cash	$ 431,738	$ 203,507
Cert. of deposit	648,000	600,000
Accts. receiv., net	915,212	953,611
*Inventories	613,139	655,421
Prepaid expenses	40,642	43,432
Current Assets	$ 2,648,731	$ 2,455,971
#Fixed assets	109,899	150,768
Other assets	25,500	28,100
Total Assets	$ 2,784,130	$ 2,634,839

Liabilities

Accts. payable	$ 312,782	$ 354,419
Accruals	135,635	76,387
Curr. Liabilities	$ 448,417	$ 430,806
Deferred income taxes	4,506	4,090
+Common stock	171,976	171,976
Add. paid-in capital	1,640,318	1,651,528
Retained earnings	577,017	453,724
Treasury stock	(58,104)	(77,285)
Total Liabilities & Shareholders' Equity	$ 2,784,130	$ 2,634,839

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.09	—
%Net Income to Sales	1.89	—
%Net Income to Equity	5.29	—
Sales to Inventories	10.62	8.58
Working Capital	$ 2,200,314	$ 2,025,165
Current Ratio	5.91	3.36
Shareholders' Equity	$ 2,331,207	$ 2,199,943

Fifth Dimension Inc.

801 New York Avenue
Trenton, New Jersey 08638
(609) 393-8350

Officers: Sheldon Bitko, president; Alfred R. Senni, exec. v.p. & chief exec. officer; Elaine H Cain, secretary & treasurer.

Directors: Frederick J. Grunwald, Charles Wohlstetter, Charles Davidoff, Frederick C. Scherer, Lee R. Marks, Sheldon Bitko, Alfred R. Senni.

Areas of Work: The Company's business falls into two broad groups: manufacture of telemetry equipment and industrial components. The principal products of the telemetry group include slip rings and commutators. The primary markets for this type of equipment are the defense and the aerospace industries; secondary markets are the Atomic Energy Commission and other private industries. The principal products of the components group include a family of mercury film switches and relays (sold under the name LOGCELL, or more specifically LC1 and LC2), sold mostly to industrial users. Other components include tilt switches for military, commercial and industrial applications. Glass-metal seals are hermetic seals which allow electric signals into a chamber without allowing in the outside atmosphere or any contamination. These seals are used in transitors, tubes, relays and a myriad of other components.

Transfer Agents(s):

American Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FIVD (NASDAQ)

Number of Employees:

1988	65	1985	57
1987	60	1984	53
1986	59		

Plant Footage:

1988	18,000 sq. ft.	1985	18,000
1987	18,000	1984	18,000
1986	18,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 3,398,120	$ 289,503
1987	2,781,565	178,837
1986	2,996,353	194,007
1985	2,589,359	187,911
1984	2,686,616	157,665

	No. of Com. Shares ‡	Earn. per Share ‡
1988	729,122	$ 0.40
1987	729,122	0.25
1986	729,122	0.27
1985	729,122	0.26
1984	729,122	0.22

(Loss)
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 1,482,333	$ 2.03
1987	1,192,830	1.64
1986	1,013,993	1.39
1985	819,986	1.12
1984	632,075	0.87

† Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 3,398,120	$ 2,781,565
Cost of sales	2,241,337	1,856,599
Expenses	732,597	604,084
Interest expense	27,473	29,704
Other income	(49,005)	(8,117)
Income before taxes	$ 445,718	$ 299,295
Income taxes	156,215	120,458
Net Income	$ 289,503	$ 178,837

* Included in Costs and Expenses, Depreciation: $78,252 in 1988 and $74,178 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 210,657	$ 169,813
Accts. receiv., net	790,728	744,210
*Inventories	491,334	554,447
Prepaid expenses	53,364	38,318
Current Assets	$ 1,546,083	$ 1,506,788
#Fixed assets	627,873	546,763
Total Assets	$ 2,173,956	$ 2,053,551

Liabilities

Notes payable	$ 76,493	$ 73,363
Accts. payable	117,303	51,702
Accrued compens. & vac.	177,858	159,396
Other accruals	74,933	62,875
Income taxes payable	—	161,694
Deferred income taxes	24,496	57,752
Curr. Liabilities	$ 471,083	$ 566,782
Notes payable	175,638	252,131
Deferred income taxes	44,902	41,808
+Common stock	364,936	364,936
Add. paid-in capital	403,663	403,663
Retained earnings	714,062	424,559
Treasury stock	(328)	(328)
Total Liabilities & Shareholders' Equity	$ 2,173,956	$ 2,053,551

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.12	10.76
%Net Income to Sales	8.52	6.43
%Net Income to Equity	19.53	14.99
Sales to Inventories	6.92	5.02
Debt to Equity	0.17	0.27
Working Capital	$ 1,075,000	$ 940,006
Current Ratio	3.28	2.66
Shareholders' Equity	$ 1,482,333	$ 1,192,830

Figgie International Inc.

4420 Sherwin Road
Willoughby, Ohio 44094
(216) 953-2700

Officers: Harry E. Figgie, Jr., chairman of the board and chief executive officer; James S. Anderson, sr. v.p.-human resources; John M. Fitzpatrick, v.p.-gov't relations; Charles B. Miner, group v.p.; Mike Trbovich, group v.p.; Vincent A. Chiarucci, group v.p.; Patrick E. Clarke, group v.p.; Joseph J. Skadra, v.p. & controller; L. A. Harthun, sr. v.p.-international, general counsel & secretary; Charles C. Rieger, Jr., group v.p.; Woodson S. Carlisle, Jr., v.p. & treasurer; Mary C. Cleary, v.p. & asst. to chairman; Richard A. Foster, v.p..

Directors: Harry E. Figgie, Jr., chairman; Dale S. Coenen, Ewing T. Boles, Alfred V. Gangnes, Walter M. Vannoy, Robert A. Weaver, Jr., Gerald K. Rugger, Russel W. McFall, Harrison Nesbit, II, Harold B. Scott, Harry E. Figgie, III, John S. Lanahan, F. Rush McKnight, C. B. Robertson, III, A. A. Sommer, Jr..

Areas of Work: Comprised of over 40 principal divisions and subsidiaries, Figgie's business can be grouped into five areas: consumer products; fire protection/safety/security; services; technical products; and machinery & allied products.

Divisions and Subsidiaries:

Hartman Electrical Manufacturing
175 North Diamond Street
Mansfield, Ohio 44902
(419) 524-1411

Electrical power switching and solid state controls. Contractors, relays and protective devices.

Hartman Systems
360 Wolf Hill Road
Huntington Station, New York 11746
(516) 427-7500

Develops and produces militarized cathode ray tube displays for airborne, shipboard, submarine and ground-based applications; weapons control systems for a wide range of military aircraft, and telemetry products for data reception.

Interstate Electronics Corporation
1001 East Ball Road
Anaheim, California 92803
(714) 758-0500
Voice data entry computer terminals; Plasma display terminals; Military command and control display systems; Signal processing systems; Off-shore oil platform data systems; Environmental surveys and services; Instrumentation and missile tracking systems.

Interstate Voice Products
1849 Sequoia Avenue
Orange, California 92668
(714) 937-9010
Speech recognition and speech response products, including chips, boards and complete turnkey systems for commercial, consumer and military markets.

Figgie Licensing Corporation
Richmond, Virginia 23295
(804) 264-5660
Worldwide trademark licensing of consumer products, principally Fred Perry and Rawlings Sportswear, activewear and hard goods.

Rawlings Sporting Goods
2300 Delmar Boulevard
St. Louis, Missouri 63126
(314) 349-3500
Full line of sports equipment for baseball, football, basketball, soccer, boxing, badminton, golf, hockey, tennis and wrestling. Uniforms, jackets and shoes.

Fred Perry Sportswear (U.K.) Ltd.
Bridport Road
London N18 1SN, England
Designer, manufacturer and worldwide marketer of high fashion tennis clothing and sports apparel.

Interstate Engineering
522 East Vermont Avenue
Anaheim, California 92805
(714) 778-5700
Residential smoke detectors and fire alarms. Compact home vacuum cleaners. Wireless IEC Security System. Aluminium and zinc die castings.

Thermometer Corporation of America
Fletcher, North Carolina 28732
(704) 684-5178
Thermometers, hydrometers, humidity and weather instruments. Tru-Temp and Taylor thermometers and cooking instruments.

Sherwood-Drolet Corp., Ltd.
2745 Sherwood Blvd.
Sherbrooke, Quebec J1K 1E1, Canada
(819) 563-2202
Designs, manufactures and distributes Sher-Wood and Chimo hockey sticks, and Chimo clothing.

Figgie Consumer Products Licensing Division
Glen Allen, Virginia 23060
(804) 264-5735

Advance Security
3330 Peachtree Road
Atlanta, Georgia 30305
(404) 231-1210
Security consultation. Uniformed security guards. Fire, safety, security systems and equipment. Industrial and business investigative service. Large area protection.

"Automatic" Sprinkler Corp. of America
P.O. Box 180
Cleveland, Ohio 44147
(216) 526-9900
Sprinkler systems; control valves; sprinkler heads; spray nozzles; "Rate-of-Rise" and electric detection systems; electronic control panels; alarms; hydraulically calculated and special hazards fire protection systems. Fabrication, inspection and maintenance services; Range Guard fire extinguishing systems.

Badger-Powhatan
P.O. Box 7146
Charlottesville, Virginia 22906
(804) 973-4361
Portable water, carbon dioxide, and dry chemical fire extinguishers. Halong systems. Range hoods. "Blaze Guard" fire hose and couplings. Brass products for fire protection, industrial and municipal applications.

Scott Aviation
225 Erie Street
Lancaster, New York 14086
(716) 683-5100
Oxygen and air breathing systems, light aircraft accessories. Gas masks and respiratory devices. Gas analyzers and alarms. Air pollution detection and control equipment. Safety and first aid equipment.

Snorkel-Economy
P.O. Box 65-Stockyards Station
St. Joseph, Missouri 64505
(913) 989-4481
Aerial type water delivery systems for fire fighting apparatus, articulated and telescopic booms, extendable ladders and aerial platforms.

Consolidated Packaging Machinery
11980 Waldon Avenue
Alden, New York 14004
(716) 937-3361
High-speed automatic capping equipment for bottles, cans and other containers; crimpers; cotton stuffers; scales; bagclosers; gravity paper bag fillers and closers.

Geo. J. Meyer Manufacturing
Charleston, South Carolina 29445
(803) 572-6640
Packaging and bottling equipment. Labeling machinery. Case palletizers. Bottle rinsing and inspection equipment.

Scott Huber Essick
P.O. Box 10263
Charleston, South Carolina 29445
(803) 797-5300
Road-building and construction equipment, Huber motor grader, rollers and maintainers, Scott hydraulic cranes. Smith truck-mounted turbine and tilter concrete mixers.

Kersey/American LaFrance
600 Mountain Lane
Bluefield, Virginia 24605
(703) 326-1121
Battery-powered tractors, scoops, supply cars, coal cars, hydraulic self-unloading cars; battery chargers; batteries and motors for underground coal mining.

Logan Co.
P.O. Box 6107
Louisville, Kentucky 40206
(502) 587-1361
Conveyor equipment and material handling systems. Wire partitions and window guards, folding gates. Spiral stairs and ornamental ironwork. Automated package and parcel sorting systems.

Figgie Hydraulic Products
1777 Morgantown Avenue
Fairmont, West Virginia 26554
(304) 366-4730
Manufactures hydraulic pumps, motors, blowers and components for industrial and mining applications.

Safway Steel Products
6228 West State Street
Milwaukee, Wisconsin 53213
(414) 258-2700
Steel scaffolding and shoring systems. Portable bleachers. Powered mobile platforms and swing stages.

Safety Engineering & Supply Co.
Birmingham, Alabama 35209
(205) 942-3631
Distributes safety equipment, including glasses, shoes, and Scott Aviation products.

Safeguard Industrial Corporation
Leesport, Pennsylvania 19533
(215) 926-5232
Distributes industrial footwear and clothing, lumbar support belts and fire fighting equipment.

Safety Supply America Corporation
Eastlake, Ohio 44094
(216) 951-7440
Distributes industrial gloves, protective clothing and other personal protection products.

Protective Equipment Supply Co., Inc.
Buffalo, New York 14217
(716) 814-4700
Distributes safety, fire fighting equipment and clothing and related products.

Holland Safety Supply Co.
Lexington, North Carolina 27293
(704) 956-2131
Distributes hand, eye, hearing, head and respiratory protection products, and medical supplies.

SpaceGuard Products
Indianapolis, Indiana 46220
(317) 255-5427
Manufactures woven wire partitions for use in securing areas such as tool cribs and stockrooms for industrial use.

Allied Industrial Distributors
Los Angeles, California 90220
(213) 603-8788
Distributes safety equipment and industrial hygiene products.

ASCOA Fire Systems
Cleveland, Ohio 44147
(216) 526-8980

CASI-RUSCO
Boca Raton, Florida 33487
(407) 997-9660
Manufactures and markets computer-based access control equipment and monitoring systems.

Akron Packaging Machinery
Akron, Ohio 44313
(216) 923-0491
Case packers; uncasers; container dividers; combiners.

LIN-ACT
Rockford, Illinois 61130
(815) 633-1777

Alfa Packaging Equipment
Mantova, Italy
37-630-2158
Manufactures high-speed labeling equipment for food, pharmaceutical, alcohol, beverage, petroleum and cosmetic products.

Continental Container Systems
West Chicago, Illinois 60185
(312) 293-0330
Manufactures high-speed can closing machines for the food and beverage industries.

S-P Manufacturing
Solon, Ohio 44139
(216) 248-6161
Manufactures chucks and other work-holding products, and pneumatic and hydraulic cylinders for industry.

Stallman Gear
527 W. Rich Street
Columbus, Ohio 43215
(614) 224-3394
Manufacturer of gear, splined shafts and sprockets supplying the mining machinery, construction equipment, hydraulic gear pump and other machinery markets.

Greer Hydraulics
City of Commerce, California 90040
(213) 725-0110
Manufactures hydraulic components and fluid power products.

Other Services:

Waite Hill Holdings, Inc.
Glen Allen, Virginia 23060
(804) 292-6667
Diversified underwriting.

Colony Insurance Company
Warwick, Rhode Island 02886
(401) 732-0890
Property/casualty underwriting.

Cardinal Casualty Company
Cleveland, Ohio 44130
(216) 826-0335
Property/casualty underwriting.

Waite Hill Services, Inc.
Glen Allen, Virginia 23060
(804) 261-7000
Insurance services.

Figgie International Inc.

Figgie Acceptance Corporation
Columbus, Ohio 43085
(614) 431-2300
Financing subsidiary.

Figgie Properties, Inc.
Glen Allen, Virginia 23060
(804) 264-5840
Real estate management and development.

Figgie Natural Resources
Glen Allen, Virginia 23060
(804) 264-5775
Oil and gas investments.

Figgie Leasing Corporation
Glen Allen, Virginia 23060
(804) 264-5667
Engaged in vehicle management and leasing services.

International Operations Group

Geo. J. Meyer (Australia) Pty. Ltd.
Logan-Fenamec Pty. Ltd.
Australia

Figgie do Brasil Industria e Commercio Ltda.
Mojonnier do Brasil Industria e Commercio de Equipamentos Ltda.
Brazil

CASI-RUSCO Europe
France

Figgie International Sports, Ltd. S.A.
Haiti

Rawlings Japan Co., Ltd.
Japan

Geo. J. Meyer Mfg. Canada, Ltd.
Sherwood-Drolet Corp. Ltd.
Thermometer Corporation of Canada Ltd.
Adirondack-Sherwood, Inc.
"Automatic" Sprinkler of Canada, Ltd.
Carter Controls Canada Ltd.
Canada

Carter Controls GmbH
Logan Fenamec Transporttechnik GmbH
Germany

Geo. J. Meyer de Mexico, S.A. de C.V.
Smith-Essick de Mexico, S.A. de C.V.
Greer-Mexico, S.A. de C.V.
Mojonnier de Mexico, S de R.L. de C.V.
Maquiladora TCA de Juarez, S.A. de C.V.
Mexico

Wimbeldon Shirt Company Limited
Fred Perry & Paynes Ltd.
W. Payne & Company, Ltd.
Figgie (G.B.) Ltd.
Fred Perry Sportswear (U.K.) Ltd.
Logan Fenamec (UK) Ltd.
Fred Perry Sportswear Ltd.
Meyer Mojonnier Ltd.
Carter Controls (U.K.) Ltd.
Figgie Investment Trustee Ltd.
Figgie Pension Trustee Ltd.
United Kingdom

Logan Transportteknik AB
Sweden

Figgie de Costa Rica, S.A.
Costa Rica

Figgie International (H.K.) Ltd.
Hong Kong

Alfa Costruzioni Mecchaniche SpA
Omega SpA, Italy

Figgie Foreign Sales Corp.
Economy Engineering International Sales Corp.
U.S. Virgin Islands

"Automatic" Sprinkler Nederland B.V.
Netherlands

Chemetronics Caribe, Inc.
Puerto Rico

Transfer Agent(s)

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FIGIA and FIGI (NASDAQ)

Number of Employees:

1988	17,400	1985	15,970
1987	16,400	1984	13,300
1986	16,300		

Plant Footage:

1988 ...... 5,482,186 sq. ft. 1987 5,484,260

Sales & Earnings

	Net Sales +	Net Income
1988	$ 1,172,784,000	$ 61,875,000
1987	1,022,692,000	49,340,000
1986	919,818,000	42,426,000
1985	803,412,000	29,238,000
1984	720,686,000	17,413,000

	No. of Com. Shares	Earn. per Share #
1988	7,430,003	$ 9.03
1987	6,748,071	7.02
1986	7,077,401	6.31
1985	5,991,491	5.03
1984	5,560,481	3.00

+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Consumer	$ 185,068	$ 161,211
Fire Protection/Safety	372,313	310,761
Machinery & Products	339,006	257,613
Technical	263,866	279,348
Services	39,909	44,128
Total	$ 1,200,162	$ 1,053,061

# Including insurance premiums and services, and finance income.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 2.16	—	—
1987	1.66	—	
1986	1.49	—	—
1985	0.68	—	—
1984	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 365,770,000	$ 49.23
1987	321,471,000	47.39
1986	292,591,000	41.34
1985	219,488,000	36.63

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 1,172,784	$ 1,022,692
Other income	31,148	36,655
Total income	$ 1,203,932	$ 1,059,347
Cost of sales	885,914	766,391
Underwriting losses	3,941	15,984
Finance Co. exp.	14,103	12,446
Expenses	183,330	166,542
Interest expense	18,517	9,707
Income before taxes	$ 98,127	$ 88,277
Income taxes	36,252	38,937
Net Income	$ 61,875	$ 49,340

* Included in Costs and Expenses, Depreciation and Amortization: $31,608,000 in 1988 and $27,514,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 19,275	$ 38,709
Marketable secur.	45,654	41,423
Accts. & notes receiv., net	237,541	200,425
Finance Co. receiv., net	128,166	127,244
*Inventories	188,666	149,397
Prepaid expenses	12,186	9,704
Current Assets	$ 631,488	$ 566,902
#Fixed assets	227,336	212,186
Leased prop. under cap. leases	18,966	4,716
Other assets	144,250	84,197
Total Assets	$ 1,022,040	$ 868,001

Liabilities
(000's)

Notes payable	$ 128,307	$ 133,354
Long-term debt, curr.	11,054	5,937
Accts. payable	88,487	77,273
Accruals	80,664	55,281
Unearned premiums	4,691	3,478
Insurance loss reserves	43,528	61,618
Income taxes	2,085	2,342
Curr. Liabilites	$ 358,816	$ 339,283
Long-term debt	199,992	106,815
Deferred inc. taxes	73,969	74,341
Other liabilities	23,493	26,091
+Common stock:		
Class A	541	459
Class B	201	220
Add. paid-in capital	146,138	72,225
Retained earnings	280,992	254,545
Unearned compen. rel. to restricted stock pur. plan	(33,635)	(822)
Note receiv. from ESOP	(24,569)	—
Cumulative translation adjustment	(3,826)	(4,019)
Unreal. loss on invest.	(72)	(1,137)
Total Liabilities & Shareholders' Equity	$ 1,022,040	$ 868,001

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.37	9.03
%Net Income to Sales	5.28	4.61
%Net Income to Equity	16.92	13.20
Sales to Inventories	6.22	6.16
Debt to Equity	0.93	0.77
Working Capital	$ 272,672,000	$ 227,619,000
Current Ratio	1.76	1.67
Shareholders' Equity	$ 365,770,000	$ 321,471,000

Finnigan Corporation

355 River Oaks Parkway
San Jose, California 95134-1991
(408) 433-4800

Officers: T. Z. Chu, chairman of the board & president; Robert E. Finnigan, vice chairman & sr. v.p.; John R. Hearn, exec. v.p.; Henry P. Massey, Jr., general counsel & secretary, Edward J. McGonagle, v.p.-information and administrative systems; Steven R. Wade, v.p., chief financial officer & treasurer; Philip L. Warren, v.p. & gen. mgr.-field operations; Ernst Weber, v.p. & gen. mgr.-Bremen operations; Frank B. Williams, v.p.-human resources; Ronald D. Smith, v.p. & managing dir.-Finnigan MAT Ltd.; David W. Hoyt, corp. controller; Leonard J. Zanoni, asst. treasurer; Brenda Webb Bruni, asst. secretary.

Directors: T. Z. Chu, chairman of the board; Alexander D. Cross, Robert E. Finnigan, Henry E. Riggs, Roger W. Sant, R.C. Mercure, Jr., Peter H. Hengel.

Ares of Work: Manufactures and sells high-technology products, which include gas chromatography/mass spectrometry analytical instruments, shaft encoders and precision mechanical subsystems for scientific instruments. Products are used in pharmaceutical and biomedical, pollution measurement, forensic science and industrial process control fields.

Subsidiaries:

Finnigan MAT
355 River Oaks Parkway
San Jose, California 95134-1991
(408) 433-4800

Finnigan MAT GmbH
Barkhausenstrasse 2
Postfach Box 14 40 62
D-2800 Breman 14, Federal Republic of Germany

Finnigan MAT Ltd.
Paradise
Hemel Hempstead, Herts. HP2 4TG, United Kingdom

Finnigan MAT Institute
4450 Carver Woods Drive
Cincinnati, Ohio 45242
(513) 891-2100

Finnigan MAT S.a.r.l.
Parc Club Orsay Universite
2, rue J. Monod
F-91893 Orsay Cedex, France

Finnigan MAT S.r.l.
Via Valadier, 37B
00193 Rome, Italy

Finnigan MAT Instruments, Inc.
Shiozaki Building
2-7-1 Hirakawa-cho
Chiyoda-Ku, Tokyo, Japan 102

Finnigan MAT China, Inc.
Room 3702, Friendship Hotel
Beijing, People's Republic of China

Finnigan MAT Benelux
Landjuweel 7
3905 PE Veenedaal, The Netherlands

Finnigan MAT AB
Vastertorpsvagen 135
S-126 59 Hagersten, Sweden

Transfer Agent(s):

Bank of America NT & SA
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FNNG (NASDAQ)

Number of Employees:

1988	1,048
1987	958
1986	1,005
1985	969
1984	879

Plant Footage:

1988	426,500 sq. ft.
1987	379,500
1986	368,000
1985	368,000
1984	368,000

Sales & Earnings

	Revenues +	Net Income †
1988	$ 130,732,000	$ 8,162,000
1987	110,313,000	5,112,000
1986	87,795,000	(1,470,000)
1985	80,591,000	4,408,000
1984	65,093,000	2,629,000

	No. of Com. Shares #	Earn. per Share †#
1988	5,453,000	$ 1.50
1987	5,106,000	1.00
1986	4,841,000	—
1985	4,403,000	1.00
1984	4,230,000	0.62

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $715,000 ($0.14 per share) in 1987, $398,000 ($0.09 per share) in 1985 and $771,000 ($0.18 per share) in 1984.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 65,693,000	$ 12.05
1987	48,420,000	9.48
1986	40,913,000	8.45
1985	32,975,000	6.63
1984	22,000,000	4.57

# Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*

Year ended Dec. 31	1988	1987
Net sales	$ 130,732,000	$ 110,313,000
Cost of sales	72,042,000	63,964,000
Expenses	44,859,000	36,558,000
Interest expense	1,177,000	1,796,000
Income bef. taxes	$ 12,654,000	$ 7,995,000
Income taxes	4,808,000	3,598,000
Net Income	$ 7,846,000	$ 4,397,000
Extraordinary gain	—	715,000
Cum. effect of acct. change	316,000	—
Net Income & extraord. gain	$ 8,162,000	$ 5,112,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,801,000 in 1988 and $3,492,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 13,148,000	$ 4,672,000
Accts. receiv., net	36,284,000	32,051,000
*Inventories	34,227,000	33,354,000
Deferred tax benefit	2,571,000	2,115,000
Prepaid expenses	771,000	801,000
Current Assets	$ 87,001,000	$ 72,993,000
#Fixed assets	37,177,000	35,545,000
Other assets	2,067,000	1,651,000
Total Assets	$ 126,245,000	$ 110,189,000

Liabilities

Notes payable	$ 4,574,000	$ 4,228,000
Accts. payable	6,626,000	6,415,000
Accrued payroll	6,253,000	5,665,000
Accrued income taxes	2,177,000	1,732,000
Reserve for warranty	4,805,000	5,433,000
Cust. deposits	6,619,000	6,599,000
Other accruals	5,981,000	3,282,000
Curr. Liabilities	$ 37,035,000	$ 33,354,000
Long-term debt	14,507,000	18,680,000
Deferred employee benefits	5,317,000	5,343,000
Deferred inc. taxes	3,693,000	4,392,000
+Common stock	37,320,000	27,687,000
Accumulated translation adjustments	2,655,000	3,177,000
Retained earnings	25,718,000	17,556,000
Total Liabilities & Shareholders' Equity	$ 126,245,000	$ 110,189,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.68	7.25
%Net Income to Sales	6.00	3.99
%Net Income to Equity	11.94	9.08
Sales to Inventories	3.82	3.31
Debt to Equity	0.29	0.47
Working Capital	$ 49,966,000	$ 39,639,000
Current Ratio	2.35	2.19
Shareholders' Equity	$ 65,693,000	$ 48,420,000

Fischer & Porter Company

County Line Road
Warminster, Pennsylvania 18974
(215) 674-6000

Officers: Jay H. Tolson, chairman of the board & president; Laurence P. Finnegan, Jr., sr. v.p., chief financial officer & treasurer; David J. Nessim, vice chairman; Hubert A. Riester, sr. v.p.; Joseph T. De Lago, v.p. & secretary; Geoffrey H. Sayer, exec. v.p.; Edward A. France, Jr., exec. v.p.; Joseph A. Gaudiosi, asst. treasurer; Nathan T. Schelle, v.p.-controller & asst. secretary; Frances O. Trace, asst. secretary.

Directors: Jay H. Tolson, chairman; Gloria T. Chisum, David J. Nessim, Louis G.L. Thomas, Ram Charan, Joseph D. Brenner, William L. Mobraaten, Stuart J. Northrop, Richard G. Gilmore, Paul G. Stern.

Areas of Work: Designs, engineers, manufactures and sells process control instruments, equipment and systems, including maintenance services and replacement parts for the measurement, recording and control of the flow of liquids and gases for municipal and industrial water, wastewater, and sewage treatment and distribution; and for industrial process control in the petrochemical, pulp and paper, food, metal, mining, electrical power generation, marine and aerospace industries. Products include flow measurement instruments and instruments of a mechanical and electronic type; analytical instruments and chlorinators; analog, digital and microprocessor-based process controllers and distributed control systems.

Subsidiaries:

Fischer & Porter Pty., Limited
474-478 Princes Highway
Noble Park, Victoria 3174, Australia

Fischer & Porter (Canada) Limited
134 Norfinch Drive
City of North York, Ontario M3N 1X7, Canada

Fischer & Porter Limited
Salterbeck Trading Estate
Workington, Cumbria CA14 5DS, England

OTIC-Fischer & Porter
151 bis Avenue de la Liberation
6300 Clermont-Ferrand, France

Fischer & Porter GmbH
Postfach 1843
D-3400 Goettingen, West Germany

Fischer & Porter Italiana, S.p.A.
P.O. Box 44, Via Gorizia 16
20063 Cernusco Sui/Naviglio
Milan, Italy

Fischer & Porter Company

Fischer & Porter Research, Inc.
Warminster, Pennsylvania

Fischer & Porter European Operations
Antwerp, Belgium

Fischer & Porter B.V.
Avelingen West 3
4202MS Gorinchem, Netherlands

Fischer & Porter Iberica, S.A.
Sanchez Pacheco, 79
Madrid 28002, Spain

Fischer & Porter Ges.m.b.H.
Wiener Strasse 17
A-2351 Wiener Neudorf, Austria

Fischer & Porter Belgium N.V.
Elektronikalaan 12/14
B-2610 Wilrijk, Belgium

Fischer & Porter AB
Malmgardsvagen 16-18
Box 11124
S-100 61 Stockholm 11, Sweden

Fischer & Porter Oy
Kuunkehra 2
02210 Espoo, Finland

Fispo, S.A.
Apdo. Postal M-9397
Mexico 1, D.F., Mexico

Transfer Agent(s):

Mellon Bank (East)
Pittsburgh, Pennsylvania

Stock Exchange(s): American

Ticker Symbol: FP

Number of Employees:

1988	2,709	1985	2,753
1987	2,656	1984	2,909
1986	2,650		

Plant Footage:

1988 ...... 1,233,000 sq. ft. 1987 1,233,000

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 207,998,000	$ (3,895,000)
1987	200,560,000	3,009,000
1986	176,670,000	2,438,000
1985	170,546,000	5,085,000
1984	158,803,000	4,791,000

	No. of Com. Shares +	Earn. per Share ‡ +
1988	4,875,000	$ —
1987	4,856,000	0.53
1986	4,788,000	0.42
1985	4,591,000	1.01
1984	4,519,000	0.96

(Loss)
‡ Including extraordinary gain of $2,156,000 ($0.48 share) in 1984.
+ Based on the monthly weighted average number of common and Class B common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	5%	—
1987	—	5%	
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—

Common Stock Equity x

	Total Equity ‡	Equity Per Share +
1987	$ 67,460,000	$ 14.44
1986	72,875,000	15.90
1985	62,462,000	13.97
1984	53,813,000	12.77
1983	45,089,000	11.10

x Restated to reflect adoption of FASB #96, accounting for income taxes.
‡ After allowing for preferred stock at liquidation value.
+ Adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 207,998	$ 200,560
Cost of sales	136,929	130,723
Expenses	66,059	60,444
Other expense	3,300	—
Oper. profit	$ 1,710	$ 9,393
Foreign exchange	298	(736)
Interest expense	1,520	1,646
Inc. (loss) bef. taxes	$ (108)	$ 8,483
Income taxes	3,787	5,474
Net Income (Loss)	$ (3,895)	$ 3,009

* Included in Costs and Expenses, Depreciation and Amortization: $5,653,000 in 1988 and $4,918,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash	$ 7,444	$ 10,291
Receiv., net	49,840	55,449
*Inventories	53,032	56,907
Prepaid expenses	1,410	1,934
Current Assets	$ 111,726	$ 124,581
#Fixed assets	28,470	24,661
Other assets	2,870	2,006
Total Assets	$ 143,066	$ 151,248

Liabilities
(000's)

Notes payable	$ 6,300	$ 7,279
Long-term debt, curr.	1,186	2,830
Accts. payable	14,434	14,977
Accrued payroll	15,036	14,627
Other accruals	5,910	6,527
Income taxes	1,315	2,752
Curr. Liabilities	$ 44,181	$ 48,992
Long-term debt	9,596	5,774
Other liab.	14,689	15,037
+Preferred stock	3,570	4,285
++Common stock	4,174	3,913
++Class B	512	488
Add. paid-in Capital	55,466	51,996
Retained earnings	10,647	17,951
Cumulative trans. adjustment	465	2,889
Treasury stock	(234)	(77)
Total Liabilities & Shareholders' Equity	$ 143,066	$ 151,248

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $100 par value; 9% convertible exchangeable.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.23
%Net Income to Sales	—	1.50
%Net Income to Equity	—	3.90
Sales to Inventories	3.92	3.52
Debt to Equity	0.24	0.21
Working Capital	$ 67,545,000	$ 75,589,000
Current Ratio	2.53	2.54
Shareholders' Equity	$ 71,030,000	$ 77,160,000

Fleet Aerospace Corporation

P.O. Box 1506
509 Glendale Avenue East
St. Catherines, Ontario L2R 7J9, Canada
(416) 684-9477

Officers: A. George Dragone, president & chief executive officer; Bruce W. Gowan, v.p.-finance & secretary-treasurer; John M. Jarboe, president & chief operating officer-Fleet Aerospace, Inc. (U.S.); James S. Butyniec, group president-Ontario; John B. Dekker, corp. controller; David R. Kearney, asst. treasurer; Jean L. Mills, asst. secretary.

Directors: A. G. Dragone, John M. Marsh, Robert T. Ruggles, Gerald M. Soloway, Elmo R. Zumwalt, Jr..

Areas of Work: Designs and manufactures components for the aerospace, marine and communications industries. Products include composite bonded and metal-to-metal bonded structural components for commercial and military aircraft, high-temperature brazed components for jet engines, satellite and radar structures, missile components, specialized anti-submarine defense systems, space engineering and satellite communications, electronic enclosures and power- conditioning equipment for space, military aviation, surface ships and submarines.

Divisions:

Fleet Industries Division
P.O. Box 400
Gilmore Road
Ft. Erie, Ontario L2A 5N3, Canada
(416) 871-2100

Techwest Division
7680 River Road
Suite 200
Richmond, British Columbia V6X 1X6 Canada
(604) 273-6336

Subsidiaries:

Fleet Aerospace, Inc.
18620 South Broadway
Gardena, California 90248
(213) 538-5339

AAP, Inc.
18620 South Broadway
Gardena, California 90248
(213) 538-3857

Engineered Magnetics, Inc.
18435 Susana Road
Rancho Dominguez, California 90221
(213) 679-0111

Fathom Oceanology Limited
Mississauga, Ontario, Canada

Lakefront Mfg. Inc.
925 Lakefront Promenade
Mississauga, Ontario L5E 2CE, Canada
(416) 278-8777

Fleet Technology Limited
311 Legget Drive
Kanata, Ontario K2K 1Z8, Canada
(613) 592-2830

Langly Corporation
310 Euclid Avenue
P.O. Box 2911
San Diego, California 92112
(619) 264-3181

Aeronca, Inc.
Middletown, Ohio

SED Systems, Inc.
Saskatoon, Saskatchewan, Canada

H.I. Thompson Canada
Guelph, Ontario, Canada

Transfer Agent(s):

Guaranty Trust Company of Canada
Toronto, Canada

Stock Exchange(s): Toronto

Ticker Symbol: FLT

Number of Employees:

1988	2,500	1985	1,000
1987	2,400	1984	650
1986	1,700		

Plant Footage:

1988 .... 1,517,000 sq. ft.

Sales & Earnings

	Net Sales +	Net Income ‡
1988	$ 200,755,000	$ 1,407,000
1987	155,534,000	(24,725,000)
1986	91,796,000	4,648,000
1985	55,960,000	3,106,000
1984	39,065,000	1,905,000

	No. of Com. Shares #	Earn. per Share ‡ #
1988	N.A.	$ —
1987	8,597,000	—
1986	7,068,000	0.66
1985	5,260,000	0.59
1984	5,042,000	0.38

(Loss)
N.A. - Not Availiable.
+ Includes other income; of continuing operations only.
‡ Including extraordinary gain of $2,134,000 in 1988 and extraordinary loss of $26,060,000 in 1987.
# Based on the weighted average number of common shares and Class A non-voting shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.07	—	
1986	—	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 17,134,000 +	$ —
1987	38,306,000 +	4.46
1986	55,006,000	7.78
1985	27,183,000	5.17
1984	13,255,000	2.63

+ After allowing for preferred stock at redemption value.
‡ Based on the weighted average number of common and Class A non-voting shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 200,755,000	$ 55,534,000
Cost of sales	168,729,000	32,754,000
Adm. & gen. expenses	23,822,000	16,140,000
Claim settle.	—	(1,312,000)
Amort. of goodwill	1,037,000	991,000
For. exchange	129,000	(324,000)
Interest and debt expense	6,531,000	3,446,000
Interest income	(225,000)	(595,000)
Income before taxes	$ 732,000	$ 4,434,000
Income taxes	1,156,000	2,237,000
Inc. (loss) - cont. oper.	$ (424,000)	$ 2,197,000
Inc. (loss) - discont. oper.	121,000	(702,000)
Minority interest	(424,000)	(160,000)
Net Income (Loss)	$ (727,000)	$ 1,335,000
Extraord. items	2,134,000	(26,060,000)
Net Income (Loss) & extraord. items	$ 1,407,000	$ (24,725,000)

* Included in Costs and Expenses, Depreciation and Amortization: $4,519,000 in 1988 and $4,349,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 3,357,000	$ 5,919,000
Accts. receiv., net	35,348,000	30,245,000
*Inventories	65,168,000	53,727,000
Inc. taxes recov.	1,471,000	845,000
Long-term receivable, curr.	731,000	545,000
Prepaid expenses	1,218,000	898,000
Net assets (liab.) - discont. oper.	2,648,000	(707,000)
Current Assets	$ 109,941,000	$ 91,472,000
Fut. tax benefits	2,085,000	1,324,000
Long-term receiv.	—	1,509,000
Investments	769,000	744,000
#Fixed assets	30,067,000	29,401,000
Goodwill	35,567,000	39,496,000
Other assets	2,781,000	1,008,000
Total Assets	$ 181,210,000	$ 164,954,000

Liabilities

Bank indebtedness	$ 73,967,000	$ 34,298,000
Long-term debt, curr.	1,113,000	1,747,000
Accts. payable & accruals	24,569,000	19,893,000
Income & other taxes	1,198,000	1,642,000
Def. inc. taxes	1,235,000	1,005,000
Curr. Liabilities	$ 102,082,000	$ 58,585,000
Long-term debt	7,990,000	9,480,000
Deferred inc. taxes	1,939,000	1,167,000
Minority interest	6,584,000	11,916,000
+Preferred stock	45,481,000	45,500,000
++Common stock	2,456,000	2,844,000
++Class A non-voting stock	47,159,000	47,881,000
Retained earnings (deficit)	(25,437,000)	(10,120,000)
For. exch. translation	(7,044,000)	(2,299,000)
Total Liabilities & Shareholders' Equity	$ 181,210,000	$ 164,954,000

* Work in progress at lower of cost and realizable value; materials and supplies at lower of average cost and replacement cost.
# Less accumulated depreciation.
+ No par value; $0.60 cumulative convertible.
++ No par value.

Statistical Summary

%Net Income to Equity	—	1.59
Sales to Inventories	3.08	1.03
Debt to Equity	1.33	0.54
Working Capital	$ 7,859,000	$ 32,887,000
Current Ratio	1.08	1.56
Shareholders' Equity	$ 62,615,000	$ 83,806,000

Ford Motor Company

The American Road
P.O. Box 1899
Dearborn, Michigan 48121
(313) 322-3000

Officers: Donald E. Petersen, chairman of the board & chief executive officer; William Clay Ford, vice chairman; Harold A. Poling, vice chairman & chief operating officer; Stanley A. Seneker, exec. v.p. & chief financial officer; Philip E. Benton, Jr., exec v.p., & pres.-Ford Automotive Group; John A. Betti, exec. v.p.-diversified products operations; Allan D. Gilmour, exec. v.p.-international automotive operations; Louis R. Ross, exec. v.p.-North American automotive operations; Alexander J. Trotman, exec. v.p.-operations, NAAO; Kenneth Whipple, exec. v.p., & president-Ford Financial Services Group; James K. Bakken, v.p.-corp. quality; Basil J. Coughlan, v.p.-sales, Ford of Europe Incorporated; Stuart M. Frey, v.p.-technical affairs; Edward E. Hagenlocker, v.p. & gen. mgr.-truck operations; Elliott S. Hall, v.p.-Washington affairs; L. Lindsey Halstead, v.p., & chairman-Ford of Europe Incorporated; J. Craig Hausman, v.p.-employee relations; William J. Hayden, v.p.-manufacturing, Ford of Europe Incorporated; Walter Hayes, v.p., & vice chairman, Ford of Europe Incorporated; Max L. Jurosek, v.p.-car product development; Kenneth K. Kohrs, v.p.-product development, Ford of Europe Incorporated; Louis E. Lataif, v.p., & president, Ford of Europe Incorporated; Clinton D. Lauer, v.p.-purchasing and supply; Mervyn H. Manning, v.p., & president, Ford Asia-Pacific, Inc.; David N. McCammon, v.p.-finance & treasurer; John P. McTague, v.p.-research; Robert F. Moglia, v.p., & chairman, Ford New Holland, Inc.; Henry R. Nolte, Jr., v.p. & general counsel; John L. O'Connor, v.p. & controller; Peter J. Pestillo, v.p.-employee and external affairs; Helen O. Petrauskas, v.p.-environmental and safety engineering; Donald B. Rassier, v.p. & president, Ford Aerospace Corporation; Robert L. Rewey, v.p.-sales operations; Ross H. Roberts, v.p., & gen. mgr., Lincoln-Mercury Division; William E. Scollard, v.p.-manufacturing operations; David W. Scott, v.p.-external affairs; John J. Telnack, v.p.-design; Lewis C. Veraldi, v.p.-engineering & manufacturing; Thomas J. Wagner, v.p., & gen. mgr., Ford Division; David E. Blackwell, pres.-Rouge Steel Company; James A. Courter, secretary; Wayne S. Doran, chairman-Ford Motor Land Development Corporation; Kenneth W. Harrigan, pres.-Ford Motor Company of Canada, Limited; Malcolm S. Macdonald, asst. treasurer; D. Edward Mundell, chairman & chief exec. officer-U.S. Leasing International, Inc.; William E. Odom, chairman-Ford credit and insurance subsidiaries; Patrick E. Sharp, asst. treasurer; John M. Rintamaki, asst. secretary; Burton B. Smoliar, asst. secretary; Sally W. Staebler, asst. secretary.

Directors: Donald E. Petersen, chairman; William Clay Ford, Harold A. Poling, Philip E. Benton, Jr., John A. Betti, Philip Caldwell, Colby H. Chandler, Michael D. Dingman, Edsel B. Ford, II, William Clay Ford, Jr., Allan D. Gilmour, Roberto C. Goizueta, Marian S. Heiskell, Irving O. Hockaday, Jr., Drew Lewis, Ellen R. Marram, Kenneth H. Olsen, Carl E. Reichardt, Louis R. Ross, Stanley A. Seneker, Chifton R. Wharton, Jr..

Areas of Work: Engaged in the manufacture of cars, trucks, tractors and their parts; also manufactures and sells electronic products, industrial and chemical products, architectural glass, and defense-space products for the government, as well as engaged in finance and insurance operations.

Subsidiaries:

Ford Aerospace Corporation
Detroit, Michigan

Manufactures communications and electronic systems and equipment for industrial and governmental use. Products sold to governmental agencies include communications services, missiles, ammunition, satellites, ground stations, control systems for missiles and air defense systems.

Ford Motor Company

Ford International Capital Corporation
Hamilton, Bermuda

Ford Motor Credit Company (unconsolidated)
Dearborn, Michigan

The American Road Insurance Company (unconsolidated)
Dearborn, Michigan

Ford Leasing Development Company (unconsolidated)
Dearborn, Michigan

Ford Motor Land Development Corporation (unconsolidated)
Dearborn, Michigan

Rouge Steel Company
Ford Electronics and Refrigeration Corporation
Ford International Finance Corporation
Ford International Capital Corporation
Parker Chemical Company
First Nationwide Financial Corporation
First Nationwide Bank
Ford New Holland, Inc.
United States Leasing International, Inc.
Park Ridge Corporation (Hertz)

Ford of Europe, Incorporated
Brentwood, Essex, England

Henry Ford & Son, Limited
Cork, Ireland

Ford Motor Credit Company Limited (unconsolidated)
Brentwood, Essex, England

Ford Motor Company (Belgium) N.V.*
Antwerp, Belgium

Ford Motor Company (Switzerland) S.A.
Zurich, Switzerland

Ford Motor Argentina, S.A.
Buenos Aires, Argentina

Ford Motor Company, S.A. de C.V.
Mexico City, Mexico

Ford Motor de Venezuela S.A.
Valencia, Venezuela

Ford Motor Company of Canada, Limited*
Oakville, Ontario, Canada

Ford Motor Company of Australia Limited
Campbellfield, Australia

Ensite Limited
Windsor, Ontario, Canada

Ford Brasil S.A.*
Sao Bernardo do Campo, Brazil

Ford-Werke AG
Cologne, Germany

Ford Credit Bank AG (unconsolidated)
Cologne, Germany

Ford France S.A.
Rueil-Malmaison, France

Ford Italiana, S.p.A.
Rome, Italy

Ford Motor Company A/S*
Copenhagen, Denmark

Ford Nederland B.V.*
Amsterdam, The Netherlands

Ford Credit S.A. (unconsolidated)
Madrid, Spain

Ford Financiadora S.A. (unconsolidated)
Sao Paulo, Brazil

Ford Motor Company (Japan) Ltd.
Tokyo, Japan

Ford Espana S.A.
Madrid, Spain

Ford Lio Ho Motor Company, Ltd.*
Taipei, Taiwan

Transcon Insurance Limited (unconsolidated)
Hamilton, Bermuda

Ford Asia-Pacific, Inc.
Melbourne, Australia

Ford Motor Company Limited
Brentwood, Essex, England

Ford Motor Company of New Zealand Limited
Lower Hutt, New Zealand

Ford Direct Market Operations, Incorporated
Dearborn, Michigan

Ford Glass Limited
Canada

Ford Credit N.V.
Belgium

Ford Credit S.p.A.
Italy

Ford Leasing, S.p.A.
Italy

Ford Credit A/S
Denmark

Ford Credit B.V.
The Netherlands

Ford Leasing S.A.
Spain

Ford Credit A.B.
Sweden

Ford Credit S.A.
Switzerland

Mazda Motor Corporation
Japan

* Subsidiaries in which there is an outstanding minority interest.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Bank of America National Trust and Savings Association
Corporate Agency Trust
P.O. Box 37002
San Francisco, California 94137

Continental Illinois National Bank and Trust Company of Chicago
180 North LaSalle Street (sixth floor)
Chicago, Illinois 60601

Manufacturers National Bank of Detroit
100 Renaissance Center
Detroit, Michigan 48243

Montreal Trust Company
P.O. Box 1900, Station B
Montreal, Quebec H3B 3L6, Canada

National Trust Company
Corporate Trust Services
4 King Street West, fifth floor
Toronto, Ontario M5H 3W7, Canada

Stock Exchange(s): New York, Midwest, Pacific, Boston, Philadelphia, Toronto, Montreal, Tokyo

Ticker Symbol: F

Number of Employees:

1988	358,939
1987	351,711
1986	382,274
1985	369,314
1984	389,917

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 82,193,000	$ 5,300,200
1987	71,797,200	4,625,200
1986	62,868,300	3,285,100
1985	52,915,400	2,515,400
1984	52,526,600	2,906,800

	No. of Com. Shares ‡	Earn. per Share ‡
1988	483,800,000	$ 10.96
1987	511,000,000	9.05
1986	533,100,000	6.16
1985	553,600,000	4.54
1984	552,400,000	5.26

‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987 (000's)	%
Automotive	$ 66,527	93 %
Non-automotive	5,116	7
Total	$ 71,643	100 %

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 2.30	—	—
1987	1.58	—	
1986	1.11	—	3-for-2
1985	0.80	—	—
1984	0.67	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 21,529,000	$ 43.87
1987	18,492,700	36.44
1986	14,859,500	27.68
1985	12,268,600	21.97
1984	9,837,700	17.62

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 82,193,000	$ 71,797,200
Cost of sales	68,233,300	58,572,700
Expenses	3,452,000	3,289,300
Depreciation	1,914,900	1,827,700
Amort. of special tools	1,334,700	1,353,200
Emp. retire. plan	646,200	498,400
Interest income	(885,200)	(823,500)
Interest expense	354,000	452,900
Eq. in. loss (inc.) of subsid.	(147,800)	136,600
Net rev.-trans. with Fin. Svc.	(21,100)	(9,400)
Inc. bef. taxes-Automotive	$ 7,312,000	$ 6,499,300
Inc. bef. taxes-Fin. Svcs.	1,030,500	1,385,400
Income taxes	2,998,700	3,226,000
Minority interest	43,600	33,500
Net Income	$ 5,300,200	$ 4,625,200

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 5,490,800	$ 5,410,000
Marketable securities	3,751,700	4,765,100
Receiv., net	4,395,700	3,095,800
*Inventories	6,638,200	6,326,900
Other curr. assets	1,793,800	1,179,300
Current Assets	$ 22,070,200	$ 20,777,100
Eq. in assets of affil. companies	2,102,700	2,001,200
#Fixed assets	15,594,300	14,399,400
Other assets	2,350,000	1,389,900
Net receiv.-Fin. Svcs.	1,010,500	1,166,800
Assets of Fin. Svcs.	100,238,800	76,260,000
Total Assets	$ 143,366,500	$ 115,994,400

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 1,760,900	$ 1,890,300
Accts. payable & accruals	16,787,800	15,139,700
Income taxes	1,007,300	654,700
Curr. Liabilities	$ 19,556,000	$ 17,684,700
Long-term debt	1,335,700	2,057,800
Other liabilities	4,839,400	4,467,500
Deferred inc. taxes	2,297,900	2,312,500
Minority interests	164,100	129,700
Liabilities of Fin. Svcs.	93,644,400	70,849,500
+ Common stock	453,600	469,800
+ Class B stock	37,200	37,700
Add. paid-in capital	586,700	595,100
For. curr. trans. adjust.	325,000	672,600
Retained earnings	20,126,500	16,717,500
Total Liabilities & Shareholders' Equity	$ 143,366,500	$ 115,994,400

* At lower of cost (domestic inventories at LIFO, foreign at FIFO) or market.
# Less accumulated depreciation.
+ $1.00 par value.

Statistical Summary

	1988	1987
%Net Income to Equity	24.62	25.01
Debt to Equity	3.25	3.05
Working Capital (000's)	$ 2,514,200	$ 3,092,400
Current Ratio	1.13	1.24
Shareholders' Equity (000's)	$ 21,529,000	$ 18,492,700

The Foxboro Company

Bristol Park
Foxboro, Massachusetts 02035
(508) 543-8750

Officers: Earle W. Pitt, chairman of the board; Gary K. Willis, president & chief executive officer; James W. Grahammmm, sr. v.p.; Gerald H. Gleason, vice president; Charles E. Jordan, vice president; Peter F. McCrea, vice president; Michael W. Powell, vice president; Richard J. Kornblum, vice president; Richard L. McAllister, vice president; Charles D. Rice, vice president; Gerald F. Morris, v.p. & treasurer; John C. Fuller, v.p., asst. secretary & clerk; Ernoe Csaky, vice president; Edward P. Nobrega, vice president; Donald N. Sorterup, vice president; Stephen L. Wilson, controller; Karen L. Ashley, secretary.

Directors: Bristol B. Crocker, James R. Nichols, Earle W. Pitt, Paul W. Murrill, G. Richard Westin, Michael R. Corboy, John R. Rockwell, Charles A. McKay, Richard W. Sonnenfeldt, Gary K. Willis, John C. Fuller, Thomas J. Feehan.

Areas of Work: Designs, manufactures and sells mechanical, pneumatic and electronic products for process and energy control. Products measure such process variables as flow, pressure, temperature and liquid level, and measures the composition of materials being processed.

Divisions and Subsidiaries:

Foxboro/Jordon Inc.
5607 West Douglas Avenue
Milwaukee, Wisconsin
(414) 461-9200

Foxboro Far East Private Ltd.
P.O. Box 52
Farrer Road
Singapore

Foxboro (Malaysia) Sendirian Berhad
130 Jalan Kasah
Medan Damansara
Kuala Lumpur, 23-10, Malaysia

Foxboro-Argentina, S.A.
Avendia R.S. Pena 570
Buenos Aires 33-7585, Argentina

Foxboro Controles, S.A.
P.R. Testing Building
Dr. Mario Julia Industrial Development
Matadero Road
Puerto Nuevo 00920, Puerto Rico
(809) 782-8033

Foxboro Intertrade, Inc.
110 West Tenth Street
Wilmington, Delaware 19801
(617) 543-8750

Foxboro International Limited
Wiggie House
Redhill
Surrey RH1 2HL, England

Foxboro Canada, Inc.
707 Dollard Avenue
La Salle, Quebec, Canada
(514) 366-4210

Foxboro-Yoxall
Division of Foxboro Great Britain Ltd.
Redhill
Surrey RH1 2HL, England

Foxboro (Nederland) NV
Koningsweg, 30
Soest, Netherlands

Foxboro S.A.
Avena 410 and 410-A
Mexico 8, DF, Mexico

Foxboro, France, S.A.
B.P. 741
95004 Cergy Pontoise Cedex, France

Foxboro, KK
7, Kojimachi
Chiyoda-Ku
Tokyo 1048, Japan

Foxboro Italia, SpA
Via Fabio Filzi, 27
Milan, Italy

Foxboro Deutschland GmbH
4000 Dusseldorf 11,
West Germany

Foxboro/I.T.C., Inc.
1750 Junction Avenue
San Jose, California
(408) 998-8720

Foxboro Trading, Inc.
100 West Tenth Street
Wilmington, Delaware 19801

Foxboro Intercontinental Ltd.
P.O. Box 3361
Amman, Jordan

Foxboro Analytical Division
Armstrong Road
Plymouth Industrial Park
Plymouth, Massachusetts 02360

151 Woodward Avenue
South Norwalk, Connecticut 06856

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, London

Ticker Symbol: FOX

Number of Employees:

1988	7,200	1985	8,700
1987	6,800	1984	10,250
1986	7,850		

Plant Footage:

1988	2,691,000 sq. ft.	1986	2,692,786
1987	2,593,086		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 539,879	$ 9,808
1987	504,425	(96,934)
1986x	543,986	8,662
1985x	572,175	(40,881)
1984	515,856	4,272

	No. of Com. Shares +	Earn. per Share +
1988	12,314,833	$ 0.80
1987	12,314,282	—
1986x	12,336,869	0.70
1985x	12,353,253	—
1984	12,352,834	0.35

(Loss)
x Restated to reflect change in accounting for income taxes.
+ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.10	—	—
1987	—	—	
1986	0.25	—	—
1985	0.78	—	—
1984	1.04	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 195,186	$ 15.85
1987	188,382	15.30
1986x	267,448	21.68
1985x	253,184	20.50
1984	291,985	23.64

X Restated.
‡ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 539,879	$ 504,425
Cost of sales	337,923	332,586
Expenses	181,457	204,283
Restruc. costs	—	62,685
Other income	(3,217)	(3,157)
Interest expense	8,633	5,462
Inc. (loss) bef. taxes	$ 15,083	$ (97,434)
Inc. taxes (credit)	5,275	(500)
Net Income (Loss)	$ 9,808	$ (96,934)

* Included in Costs and Expenses, Depreciation and Amortization: $21,762,000 in 1988 and $[illegible]6,565,000 in 1987.
‡ Restated.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term invest.	$ 783	$ 14,820
Accts. receiv., net	164,640	124,824
*Inventories	157,841	135,925
Prepaid expenses	11,512	8,677
Refundable taxes	11,361	13,809
Current Assets	$ 346,137	$ 298,055
# Fixed assets	111,372	116,903
Other assets	14,726	13,191
Total Assets	$ 472,235	$ 428,149

Liabilities
(000's)

	1988	1987
Bank loans	$ 84,624	$ 47,563
Long-term debt, curr.	100	100
Accts. payable	32,531	22,826
Accruals	45,798	56,150
Advances	51,774	49,070
Income taxes	2,754	2,514
Curr. Liabilities	$ 217,581	$ 178,223
Long-term debt	5,750	5,850
Other liabilities	3,543	3,629
Deferred inc. taxes	8,469	9,179
Deferred pension costs	41,706	42,886
+Common stock	12,570	12,570
Add. paid-in capital	71,944	71,938
Cum. trans. adjust	11,686	13,472
Retained earnings	105,975	97,398
Treasury stock	(6,989)	(6,996)
Total Liabilities & Shareholders' Equity	$ 472,235	$ 428,149

* At lower of cost or market. Domestic inventories at LIFO; remainder at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.79	—
%Net Income to Sales	1.82	—
%Net Income to Equity	5.02	—
Sales to Inventories	3.97	3.71
Debt to Equity	0.46	0.28
Working Capital	$ 128,556,000	$ 119,832,000
Current Ratio	1.59	1.67
Shareholders' Equity	$ 195,186,000	$ 188,382,000

Franklin Electric Co., Inc.

400 East Spring Street
Bluffton, Indiana 46714
(219) 824-2900

Officers: William H. Lawson, chairman of the board & chief executive officer; John B. Lindsay, v.p.-marketing; Dean W. Pfister, v.p.-finance, secretary & treasurer; Louis E. Staak, v.p.-operations; Herbert L. Wise, v.p.-engineering.

Directors: William H. Lawson, chairman; William W. Keefer, Robert L. Little, Edward J. Schaefer, Patricia Schaefer, Donald J. Schneider, Gerard E. Veneman, Juris Vikmanis.

Areas of Work: Manufactures submersible electric motors and special engineered fractional horsepower motors used by original equipment manufacturers in a wide variety of industrial and consumer products.

Affiliates:

Oil Dynamics, Inc. (50%-owned)
Tulsa, Oklahoma
Submersible oil pumping systems.

Franklin Electric (Aust.) Pty. Ltd. (50%-owned)
Dandenong, Victoria, Australia
Motors and packaging systems.

Franklin Electrica S.A. de C.V. (49%-owned)
Monterrey N.L., Mexico
Manufactures motors.

Transfer Agent(s):

Illinois Stock Transfer Company
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FELE (NASDAQ)

Number of Employees:

1988 . . . . 2,117 1987 1,900

Plant Footage:

1988 . . . . . . 1,527,340 sq. ft. 1987 1,525,540

Sales & Earnings

	Net Sales	Net Income †
1988	$ 163,582,000	$ 10,822,000
1987	145,412,000	9,478,000
1986*	130,465,000	7,685,000
1985	179,327,000	(7,170,000)
1984	188,157,000	6,712,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	3,509,000	$ 3.08
1987	3,702,000	2.56
1986*	3,694,000	2.08
1985	3,697,000	—
1984	3,724,000	1.80

(Loss)
* 53 weeks.
† Including extraordinary gains of $186,000 ($0.05 per share) in 1988, $1,351,000 ($0.36 per share) in 1987 and $2,211,000 ($0.60 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.64	—	—
1987	0.56	—	
1986	0.56	—	—
1985	0.56	—	—
1984	0.56	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 44,172,000	$ 12.59
1987	62,855,000	16.98
1986	53,966,000	14.61
1985	46,458,000	12.57
1984	56,500,000	15.17

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	12/31/88	1/2/88
Net sales	$ 163,582	$ 145,412
Cost of sales	127,620	111,453
Expenses	22,403	20,277
Interest expense	546	760
Other income	(1,866)	(406)
For. curr. loss	223	202
Eq. in earn. of affil.	(2,270)	(1,132)
Income before taxes	$ 16,926	$ 14,258
Income taxes	6,290	6,131
Net Income	$ 10,636	$ 8,127
Extraord. gain	186	1,351
Net Income & extraord. gain	$ 10,822	$ 9,478

* Included in Costs and Expenses, Depreciation: $3,892,000 in 1988 and $3,693,000 in 1987.

Assets
(000's)

As of	12/31/88	1/2/88
Cash	$ 25,174	$ 27,184
Accts. receiv., net	16,397	14,448
*Inventories	19,410	14,497
Other curr. assets	4,111	4,943
Current Assets	$ 65,092	$ 61,072
Investments in affil.	14,519	14,383
#Fixed assets	25,133	24,403
Other assets & deferred charges	221	294
Total Assets	$ 104,965	$ 100,152

Liabilities
(000's)

	12/31/88	1/2/88
Long-term debt, curr.	$ 739	$ 725
Short-term borrowings	215	285
Accts. payable	8,661	6,911
Accruals	24,136	21,054
Income taxes	636	1,486
Curr. Liabilities	$ 34,387	$ 30,461
Long-term debt	4,958	5,697
Deferred inc. taxes	1,448	1,139
Comm. stock redemp. agree.	20,000	—
+ Common stock	1,585	1,918
Add. paid-in capital	10,768	15,902
Retained earnings	41,935	47,416
Translation adjust.	(218)	(228)
Treasury stock	(9,898)	(2,153)
Total Liabilities & Shareholders' Equity	$ 104,965	$ 100,152

* At lower of cost (LIFO) or market; foreign at FIFO.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.35	9.81
%Net Income to Sales	6.50	5.59
%Net Income to Equity	24.08	12.93
Sales to Inventories	8.43	10.03
Debt to Equity	0.13	0.11
Working Capital	$ 30,705,000	$ 30,611,000
Current Ratio	1.89	2.00
Shareholders' Equity	$ 44,172,000	$ 62,855,000

Frequency Electronics, Inc.

55 Charles Lindbergh Boulevard
Mitchel Field, New York 11553
(516) 794-4500

Officers: Martin B. Bloch, chairman & president; John C. Ho, v.p.-research & development; Marvin Meirs, v.p.-engineering; Alfred Vulcan, v.p.-systems engineering; Harry Newman, treasurer & secretary; Markus Hechler, v.p.-manufacturing; Charles S. Stone, v.p.-low noise development; Peter O. Clark, v.p., & president-FEI Microwave, Inc.; Jerrold Bloch, asst. secretary.

Directors: Martin B. Boch, chairman; John C. Ho, Abraham Lazar, E. John Rosenwald, Jr., Joel Girsky.

Areas of Work: Operates principally in two industries -- frequency and time control products, and microwave integrated circuit components. Operations in the frequency and time control area consist of the research, design and manufacture of systems, instruments and equipment that operate on frequency control. These systems are used in guidance, navigation communications, surveillance and electronic countermeasure and timing systems. Operations in the microwave integrated circuit component industry consist of the design and manufacture of metallized substrates, having application with radar, communications and navigation equipment. Products include quartz crystals, quartz crystal oscillators and discriminators, and cesium beam resonators.

Subsidiaries:

Tek-wave, Inc.
Manufacturer of devices, components and sub-systems for Microwave Integrated Circuit (MIC) applications. Products include hermetic and non-hermetic connectors and circuit frames, metallized substrates and thin film circuit fabrication, and sub-system packages which incorporate these various components.

Brightline Corporation
Designs, develops, and manufactures low noise oscillators, synthesizers, and frequency sources.

Time and Frequency, Ltd. (50%-owned)
Israel
Manufactures time and frequency products in Europe and Israel.

FEI Microwave, Inc.
(formerly TRW Microwave Products Inc.)
825 Stewart Drive
Sunnyvale, California 94086
(408) 732-0880
Manufactures solid state microwave components for military and commercial communications and avionics.

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: FEI

Number of Employees:

1988	933	1985	430
1987	964	1984	400
1986	500		

Plant Footage:

1988	200,000 sq. ft.	1985	97,000
1987	215,000	1984	101,000
1986	101,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 59,276,000	$ 3,791,000
1987	36,003,000	4,762,000
1986	32,034,000	5,086,000
1985	25,008,000	3,996,000
1984	17,188,000	3,110,000

	No. of Com. Shares #	Earn. per Share #
1988	5,628,590	$ 0.67
1987	4,953,363	0.96
1986	4,598,087	1.11
1985	4,564,293	0.88
1984	4,577,335	0.68

# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Components	$ 9,053,000	$ 7,417,000
Microwave prods.	15,455,000	602,000
Instruments	11,138,000	25,481,000
Systems	23,630,000	2,503,000
Total	$ 59,276,000	$ 36,003,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 67,826,000	$ 12.05
1987	66,377,000	13.40
1986	41,410,000	9.01
1985	36,254,000	7.94
1984	32,406,000	7.08

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account*

Year ended April 30	1988	1987
Net sales	$ 59,276,000	$ 36,003,000
Cost of sales	47,738,000	26,191,000
Expenses	8,957,000	3,302,000
Interest & other income	(992,000)	(2,070,000)
Settle. of lawsuit	(2,118,000)	—
Income before taxes	$ 5,691,000	$ 8,580,000
Income taxes	1,900,000	3,818,000
Net Income	$ 3,791,000	$ 4,762,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,403,000 in 1988 and $1,104,000 in 1987.

Assets

As of April 30	1988	1987
Cash & cash equiv.	$ 14,068,000	$ 14,767,000
Commercial paper	2,941,000	14,626,000
Accts. receiv., net	44,906,000	26,960,000
*Inventories	15,368,000	14,033,000
Accrued interest and other	1,420,000	654,000
Current Assets	$ 78,703,000	$ 71,040,000
#Fixed assets	19,558,000	8,344,000
Other assets	6,463,000	5,264,000
Total Assets	$ 104,724,000	$ 84,648,000

Liabilities

Long-term debt, curr.	$ 583,000	$ 646,000
Accts. payable	6,686,000	2,880,000
Accrued payroll	1,754,000	1,003,000
Accrued taxes	265,000	131,000
Other accruals	1,804,000	722,000
Income taxes pay.	970,000	1,497,000
Def. inc. taxes	1,931,000	3,728,000
Curr. Liabilities	$ 13,993,000	$ 10,607,000
Long-term debt	20,964,000	5,561,000
Other liabilities	431,000	409,000
Deferred taxes payable	1,510,000	1,694,000
+Common stock	5,667,000	5,667,000
Add. paid-in capital	34,039,000	33,922,000
Retained earnings	30,841,000	27,050,000
Treasury stock	(1,264,000)	(262,000)
Unreal. loss on secur.	(1,457,000)	—
Total Liabilities & Shareholders' Equity	$ 104,724,000	$ 84,648,000

* At lower of cost (specific and average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.60	23.83
%Net Income to Sales	6.40	13.23
%Net Income to Equity	5.59	7.17
Sales to Inventories	3.86	2.57
Debt to Equity	0.32	0.09
Working Capital	$ 64,710,000	$ 60,433,000
Current Ratio	5.62	6.70
Shareholders' Equity	$ 67,826,000	$ 66,377,000

Fujitsu Limited

6-1, Marunouchi 1-chome
Chiyoda-ku
Tokyo 100 Japan
(03) 216-3211

Board of Directors: Takuma Yamamoto, president & representative director; Matami Yasufuku, executive v.p. & representative director; Shoichi Ninomiya, Kazuo Watanabe, Mamoru Mitsugi, Yusaku Onaga, Akira Ohguro, Masaka Ogi, Mikio Ohtsuki, Tadashi Sekizawa, executive directors; Mutsuro Umezu, Eigo Kato, Tokio Tatsuta, Hiroyuki Ino, Hiroshi Oura, Takuya Maruiwa, Michio Naruto, managing directors; Seiuemon Inaba, Takeshi Nakao, Koichi Nozawa, Toshio Hiraguri, Ryoichi Sugioka, Yoshinao Hirose, Iwao Katsuki, Yasushi Nakamura, Takeshi Ishida, Yasuchika Koike, Takashi Obata, Hikotaro Masunaga, Naoyuki Akikusa, directors.

Areas of Work: In the area of Data Processing, the Company manufactures a wide range of computers, including medium-, large-, and very-large-scale general-purpose computers, super-computers, minicomputers, business personal computers and small business computers; word processors, advanced computer workstations, artificial intelligence software, and digital facsimile equipment.

In the area of Telecommunications, the Company manufactures digital switching and carrier transmission systems, optical transmission systems, submarine optical fiber cable repeaters, terminals for high-speed digital leased lines and digital microwave systems, corporate communications networks, digital PBXs, packet switching systems, digital modems, amplifiers and receivers for satellite communications, and digital key-phone systems.

Semiconductor products include application specific integrated circuits, including CMOS, ECL, TTL, and Bi-CMOS gate arrays and standard cells that allow more flexible logic design; software for the logic design of gate arrays and standard cells; and integrated circuit (IC) memories. Electronic Components include relays, connectors, keyboards, hybrid ICs, computer printers and color plotters. The Company also manufactures car audio products.

Subsidiaries (Japan):

Fujitsu Laboratories, Ltd.
Shinko Electric Industries Co., Ltd.
Fuji Electrochemical Co., Ltd.
Fujitsu TEN Limited
Hasegawa Electric Co., Ltd.
Fujitsu Kiden Ltd.
Fujitsu Denso Ltd.
Fujitsu Isotec Limited
Fujitsu Kasei Ltd.
Fujitsu Automation Limited
Fujitsu Yamanashi Electronics Limited
Kyushu Fujitsu Electronics Ltd.
Fujitsu Tohoku Electronics Ltd.
Fujitsu Miyagi Electronics Ltd.
Yamagata Fujitsu Limited

Fujitsu Peripherals Limited
Fujitsu Buhin Limited
Shinano Fujitsu Ltd.
Fujitsu FACOM Information Processing Corporation
Fujitsu Dai-ichi System Engineering Limited
Fujitsu Social Science Laboratory Limited
Fujitsu Distribution Systems Engineering Limited
Fujitsu Microcomputer Systems Limited
Fujitsu Kansai System Engineering Limited
Fujitsu Tokai Systems Engineering Limited
Fujitsu Financial Systems Engineering Limited
Fujitsu Tohoku Systems Engineering Limited
Fujitsu Financial Information Systems Limited
Fujitsu Social Systems Engineering Limited
Fujitsu Dai-ichi Communication Software Limited
Fujitsu Basic Software Corporation
Fujitsu Technosystems Limited
Fujitsu Kyushu System Engineering Limited
Fujitsu Business Sytems Ltd.
Fujitsu System Integration Laboratories Ltd.
Fujitsu VLSI Limited
Fujitsu Office Machines Limited
Fujitsu OA Limited
Fujitsu Supplies Limited
Fujitsu Busho Ltd.
Totalizator Engineering Limited
Fujitsu Documents Service Limited
Tokai Densetsu Ltd.
Fujitsu Automated Printing & Publishing Co., Ltd.
Fujitsu Fudosan Ltd.
Fujitsu Trading Ltd.
Fujitsu Microdevices Ltd.
Totalizator Engineering Limited

Subsidiaries (U.S.A.):

Fujitsu America, Inc.
3055 Orchard Drive
San Jose, California 95134-2017
(408) 432-1300

Fujitsu Business Communications of America, Inc.
3190 Mira Loma Avenue
Anaheim, California 92806
(714) 630-7721

Fujitsu Component of America Inc.
3330 Scott Boulevard
Santa Clara, California 95054-3197
(408) 562-1000

Fujitsu Customer Service of America, Inc.
12670 High Bluff Drive
San Diego, California 92130-2013
(619) 481-4004

Fujitsu GTE Business Systems, Inc.
2411 West 14th Street
Tempe, Arizona 85281
(602) 921-5900

Fujitsu Imaging Systems of America, Inc.
Corporate Drive, Commerce Park
Danbury, Connecticut 06810
(203) 796-5400

Fujitsu Microelectronics, Inc.
3545 North First Street
San Jose, California 95134-1804
(408) 922-9000

Fujitsu Microsystems of America, Inc.
3025 Orchard Parkway
San Jose, California 95134-2017
(408) 434-1160

Fujitsu Network Switching of America, Inc.
4403 Bland Road, Somerset Park
Raleigh, North Carolina 27609
(919) 790-2211

Fujitsu Systems of America, Inc.
12670 High Bluff Drive
San Diego, California 92130-2013
(619) 481-4004

Intellistor, Inc.
2120 Miller Drive
Longmont, Colorado 80501
(303) 678-0697

Stock Exchange(s): Tokyo

Number of Employees:

1988	94,825
1987	89,293
1986	84,277

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	¥2,046,802,000	¥ 42,115,000
1987	1,789,417,000	21,609,000
1986	1,691,826,000	38,926,000
1985	1,562,260,000	89,028,000
1984	1,209,871,000	66,669,000

	No. of Com. Shares	Earn. per Share ‡
1988	1,710,031,000	¥ 25.4
1987	1,593,307,000	13.8
1986	1,438,587,000	27.3
1985	1,299,524,000	70.2
1984	1,122,136,000	60.3

¥ - Yen
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	¥ 8.0	—	—
1987	8.0	—	
1986	8.0	—	—
1985	9.0	—	—
1984	7.75	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	¥ 827,023,000	¥ 483.63
1987	680,404,000	427.04
1986	636,339,000	442.34
1985	608,467,000	468.22
1984	433,387,000	386.22

Income Account *
(millions)

Year ended Mar. 31	1988	1987
Net sales	¥ 2,046,802	¥ 1,789,417
Cost of sales	1,339,183	1,232,722
Expenses	588,098	494,526
Interest expense	28,680	31,502
Interest income	(8,923)	(7,771)
Dividend income	(1,557)	(1,929)
Other income	(4,727)	(7,645)
Income before taxes	¥ 106,048	¥ 48,012
Income taxes	73,407	30,522
Eq. in inc. of unconsol. subsid.	(12,860)	(5,341)
Minority interests	3,386	1,722
Net Income	¥ 42,115	¥ 21,609

* Included in Costs and Expenses, Depreciation: ¥ 136,762,000,000 in 1988 and ¥ 140,559,000,000 in 1987.

Assets
(millions)

As of Mar. 31	1988	1987
Cash	¥ 119,247	¥ 116,278
Time deposits	124,245	63,131
Marketable securities	89,402	21,863
Accts. receiv., net	503,035	463,150
*Inventories	462,869	408,718
Other curr. assets	56,326	49,035
Current Assets	¥ 1,355,124	¥ 1,122,175
Investments	365,758	326,899
# Fixed assets	591,921	546,233
Intangibles	3,791	2,880
Total Assets	¥ 2,316,596	¥ 1,998,187

Liabilities
(millions)

Short-term bank loans	¥ 322,333	¥ 298,302
Long-term debt, curr.	23,345	20,793
Accts. payable	306,985	246,990
Accruals	128,112	103,584
Cust. advances	13,692	13,479
Income taxes	62,301	24,029
Emp. savings deposits	50,465	42,904
Other current liabilities	67,035	46,062
Curr. Liabilities	¥ 974,268	¥ 796,143
Long-term debt	301,618	337,660
Accrued severance indemnities	40,840	35,703
Loss on repurch. of computers	102,804	104,376
Minority interest	70,041	43,901
+Common stock	168,831	116,811
Add. paid-in capital	295,534	220,497
Legal reserve	12,659	11,359
Retained earnings	349,999	331,737
Total Liabilities & Shareholders' Equity	¥ 2,316,596	¥ 1,998,187

* At lower of cost (actual or moving average) or estimated realizable value.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary
(millions)

%Income bef. Taxes to Sales	5.18	2.68
%Net Income to Sales	2.06	1.21
%Net Income to Equity	5.09	3.18
Sales to Inventories	4.42	4.38
Debt to Equity	0.78	0.97
Working Capital (000's)	¥ 380,856,000	¥ 326,032,000
Current Ratio	1.39	1.41
Shareholders' Equity (000's)	¥ 827,023,000	¥ 680,404,000

Gandalf Technologies Inc.

130 Colonnade Road South
Nepean, Ontario K2E 7J5 Canada
(613) 723-6500

Officers: Desmond Cunningham, chairman of the board; Colin D. Patterson, vice chairman; James M. Bailey, president & chief executive officer; C. Thomas Baumgartner, v.p.-corp. marketing; Brian R. Hedges, v.p.-operations & finance; John S. Wandell, v.p.-Gandalf Systems Group; Diane F. MacMillan, secretary; Howard J. Gunn, v.p.-corp. strategy; Jan Bartl, v.p.-product development; James R. Newell, treasurer; Bob M. Olson, regional v.p.-sales (U.S.); Judith M. Scott, regional v.p.-sales (U.K.); William R. Whitemarsh, controller.

Directors: Desmond Cunningham, chairman; James M. Bailey, Alexander Curran, Charles J. Gardner, Donald Gibbs, Brian R. Hedges, David N. Koffsky, Alan C. Melkerson, Colin D. Patterson, Patrick J. Suddick.

Areas of Work: Designs, manufactures, markets and services a broad line of data and voice communications software and hardware products that permit users to communicate between computers from multiple vendors, terminals and other devices in networks ranging from local to wide area. The Company's principal products are network processors, intelligent data switches, transmission devices such as modems and multiplexers, sophisticated communications software including network monitoring, and bridge and gateway products that provide access to other networks and services.

Divisions and Subsidiaries:

Gandalf Data, Inc.
1020 South Noel Avenue
Wheeling, Illinois 60090
(312) 541-6060

Gandalf Digital Communications Limited
19 Kingsland Grange
Woolston, Warrington
Cheshire WA1 4RW, United Kingdom
(0925) 818484

Gandalf Europe
Kabelweg 37
1014 BA Amsterdam, The Netherlands
31 20 867611

Gandalf S.A.
1 Boulevard Charles de Gaulle
92700 Colombes, France

Gandalf Nederland B.V.
Kabelweg 37
1014 BA Amsterdam, The Netherlands
31 20 867611

Gandalf Pacific Pty. Ltd.
48 Chados Street, Suite 101-102
St. Leonards
New South Wales 2065, Australia
61-2-437-5977

Gandalf Systems Group:

Redifacts Ltd.
130 Colonnade Road South
Nepean, Ontario K2E 7J5, Canada
(613) 723-6500

4053 LaVista Road, Suite 180
Tucker, Georgia 30084 U.S.A.
(404) 938-3666

Computer Dispatch Systems
177 Colonnade Road
Nepean, Ontario K2E 7J5, Canada
(613) 226-5400

350 East Dundee Road
Suite 301
Wheeling, Illinois 60090 U.S.A.
(312) 459-6628

Office Information Systems
130 Colonnade Road South
Nepean, Ontario K2E 7J5, Canada
(613) 723-6500

JTL Tower
8000 Towers Crescent Drive, Suite 740
Vienna, Virginia 22180
(703) 847-6440

Transfer Agent(s):

The Royal Trust Company
Toronto-Dominion Centre
P.O. Box 7500, Stn. A
Toronto, Ontario M5W 1P9, Canada

The Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10081, U.S.A.

The Royal Trust Company
Royal Trust House
48/50 Cannon Street
London, EC4N 6LD, United Kingdom

Stock Exchange(s): Toronto, Over-the-Counter

Ticker Symbol: GAN (Toronto); GANDF (NASDAQ); London

Number of Employees:

1988	1,527	1985	1,180
1987	1,416	1984	1,007
1986	1,361		

Plant Footage:

1988 .... 260,650 sq. ft.

Sales & Earnings x

	Revenues	Net Income #
1988	$ 163,535,000	$ 9,403,000
1987	130,192,000	6,254,000
1986	107,756,000	3,339,000
1985	85,822,000	3,236,000
1984	69,121,000	5,024,000

	No. of Com. Shares ‡	Earn. per Share #‡
1988	12,104,000	$ 0.78
1987	10,024,000	0.62
1986	9,954,000	0.34
1985	9,905,000	0.32
1984	9,854,000	0.51

x In Canadian dollars.
# Including extraordinary gain of $2,832,000 ($0.24 per share) in 1988.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Product revenue	$ 146,437,000	$ 118,715,000
Field service revenue	17,098,000	11,477,000
Total	$ 163,535,000	$ 130,192,000

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 87,554,000	$ 7.21
1987	62,109,000	6.20
1986	54,871,000	5.51
1985	49,958,000	5.04
1984	45,114,000	4.58

Income Account *
(000's)

Year ended July 31	1988	1987
Revenues	$ 163,535	$ 130,192
Cost of sales	77,131	59,918
Expenses:		
Selling & distr.	49,084	37,126
Adm. & gen.	10,714	7,904
Res. & develop.	16,258	14,323
Investment incentives	(2,925)	(2,061)
Financial expenses (income)	(1,062)	29
Income before taxes	$ 14,335	$ 12,953
Income taxes	6,096	5,584
Minority interest	1,668	1,115
Net Income	$ 6,571	$ 6,254
Extraord. gain	2,832	—
Net Income & extraord. gain	$ 9,403	$ 6,254

* Included in Costs and Expenses, Depreciation and Amortization: $6,129,000 in 1988 and $5,707,000 in 1987.

Assets
(000's)

As of July 31	1988	1987
Cash	$ 1,641	$ 1,101
Short-term deposit certificates	13,302	4,397
Accts. receiv., net	47,363	31,126
Refundable taxes	81	127
*Inventories	27,977	23,822
Prepaid expenses	1,599	1,744
Current Assets	$ 91,963	$ 62,317
#Fixed assets	30,131	31,587
Net invest. in leases	976	2,210
Deferred inc. taxes	1,918	1,425
Other assets	2,198	1,375
Intangibles	780	1,076
Total Assets	$ 127,966	$ 99,990

Liabilities
(000's)

Bank indebtedness	$ 6,969	$ 6,612
Long-term debt, curr.	34	1,078
Accts. payable	11,347	4,567
Accruals	9,816	7,624
Income taxes	3,746	1,146
Deferred income	1,940	1,589
Deferred income taxes	161	735
Curr. Liabilities	$ 34,013	$ 23,351
Long-term debt	3,354	13,153
Minority interest	3,045	1,377
+Common stock	42,904	23,665
Retained earnings	44,479	35,923
For. curr. trans. adjust.	171	2,521
Total Liabilities & Shareholders' Equity	$ 127,966	$ 99,990

* At lower of cost (FIFO) and estimated net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

% Income bef. Taxes to Revenues	8.77	9.95
% Net Income to Revenues	4.02	4.80
% Net Income to Equity	7.51	10.07
Debt to Equity	0.12	0.24
Working Capital	$ 57,950,000	$ 38,966,000
Current Ratio	2.70	2.67
Shareholders' Equity	$ 87,554,000	$ 62,109,000

GAP Instrument Corp.

40 Oser Avenue
Hauppauge, New York 11788
(516) 273-0909

Officers: Alan G. Binnie, chairman and v.p.; Joseph J. Langford, president & treasurer; Henry R. Hess, secretary; Henry J. Torti, exec. v.p..

Directors: Alan G. Binnie, chairman; Joseph J. Langford, Fred A. Vernon, Richard M. Goldfrank.

Areas of Work: Manufactures electromechanical and solid-state systems, electronic components and servo mechanisms, and test and simulation equipment for military and commercial purposes.

Transfer Agent(s):

Registrar & Transfer Co.
P.O. Box 436
Jersey City, New Jersey 07303

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	N.A.	1985	30
1987	24	1984	31
1986	32		

N.A. - Not Available.

Plant Footage:

1988	17,000 sq. ft.	1985	17,000
1987	17,000	1984	27,500
1986	17,000		

GAP Instrument Corp.

Sales & Earnings

		Net Sales		Net Income ‡
1988	$	1,198,319	$	(49,584)
1987		1,586,534		77,426
1986		1,576,376		59,725
1985		1,858,942		101,215
1984		1,535,003		115,351

	No. of Com. Shares		Earn per Share ‡ +
1988	2,034,353	$	—
1987	2,034,353		0.04
1986	2,034,353		0.03
1985	2,034,353		0.05
1984	1,614,454		0.07

‡ Including extraordinary credits of $33,022 in 1988 and $19,999 ($0.01 per share) in 1984.
+ Based on the average number of shares outstanding.

Common Stock Equity

		Total Equity		Equity Per Share
1988	$	316,471	$	0.16
1987		366,055		0.18
1986		288,629		0.14
1985		228,904		0.11
1984		(124,251)		—

(Deficiency)

Income Account *

Year ended Dec. 31		1988		1987
Net sales	$	1,198,319	$	1,586,534
Cost of sales		861,233		979,672
Expenses		408,027		478,611
Interest expense		11,665		15,700
Income (loss) bef. taxes	$	(82,606)	$	112,551
Income taxes		—		35,125
Net Income (Loss)	$	(82,606)	$	77,426
Extraord. gain		33,022		—
Net Income (Loss) & extraord. gain	$	(49,584)	$	77,426

* Included in Costs and Expenses, Depreciation $3,555 in 1988 and $3,808 in 1987.

Assets

As of Dec. 31		1988		1987
Cash	$	42,721	$	263,609
Accts. receiv., net		220,139		196,662
Inc. tax refunds		41,478		—
*Inventories		333,626		263,853
Prepaid expenses		10,239		8,420
Current Assets	$	648,203	$	732,544
Other assets		35,235		33,538
Total Assets	$	683,438	$	766,082

Liabilities

		1988		1987
Note payable	$	207,325	$	207,325
Accts. payable		64,038		53,508
Income taxes		—		26,309
Accruals		9,958		6,912
Accrued payroll & taxes		33,322		43,499
Due to officer		12,215		12,215
Curr. Liabilities	$	326,858	$	347,768
Deferred officers' salaries		40,109		52,259
+Common stock		203,435		203,435
Add. paid-in capital		2,804,493		2,804,493
Accumulated deficit		(2,691,457)		(2,641,873)
Total Liabilities & Shareholders' Equity	$	683,438	$	766,082

* At lower of cost (FIFO) or market.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales		—		7.09
%Net Income to Sales		—		4.88
%Net Income to Equity		—		21.15
Sales to Inventories		3.59		6.01
Debt to Equity		0.66		0.57
Working Capital	$	321,345	$	384,776
Current Ratio		1.98		2.11
Shareholders Equity	$	316,471	$	366,055

GenCorp Inc.

(Formerly the General Tire & Rubber Company)

175 Ghent Road
Fairlawn, Ohio 44313-3300
(216) 869-4200

Officers: A. William Reynolds, chairman & chief exec. officer; Jack L. Heckel, president & chief operating officer; Roger I. Ramseier, v.p. & pres.-Aerojet General; Pat A. Servodidio, v.p. & president-RKO General; Charles R. Ennis, v.p. & gen. counsel; Joseph M. Leyden, asst. to chairman-shareholder relations; Robert L. Malcolm, v.p.-human resources; Charles R. Tilden, v.p.-communications; D. Michael Steuert, v.p.-finance and planning & treasurer; Marvin L. Isles, v.p. & pres.-GenCorp Automotive; James S. Marlen, v.p. & pres.-GenCorp Polymer Products; Russell A. Livigni, v.p. & dir.-research; Edward R. Dye, secretary & asst. general counsel; Frank C. Rote, asst. secretary & chief patent counsel; William A. Simon, asst. general counsel.

Directors: A. William Reynolds, chairman; John O'Neil, Lester E. Coleman, James R. Stover, William B. Walsh, James J. Kerley, William F. Spitznagel, A. J. Moccia, Richard D. DeLauer, Jack L. Heckel, Gerald O'Neil, Jewel S. Lafontant.

Subsidiaries:

RKO General, Inc.
1440 Broadway
New York, New York 10018
(212) 764-7000

Broadcasting operations of four FM and three AM radio stations and one television station.

Aerojet-General
10300 North Torrey Pines Road
La Jolla, California 92037
(619) 455-8500

Solid rocket and propulsion systems, tactical rocket motors, liquid propellant systems, advanced munition systems, sensor and satellite systems.

GenCorp Automotive
350 Springside Drive
P.O. Box 3545
Akron, Ohio 44309-3545
(216) 668-7030

Molded fiber-reinforced plastics panels for vehicle bodies, vehicle sealing products, vibration control products and soft interior trim material, primarily for the original equipment automotive market.

GenCorp Polymer Products
350 Springside Drive
P.O. Box 3545
Akron, Ohio 44309-3545
(216) 668-7000

Vinyl-coated fabrics, commercial and residential wallcoverings, tennis and racquetball products, latex, plastic films and other plastic and rubber products.

Transfer Agent(s):

GenCorp, Inc.
Fairlawn, Ohio

Morgan Shareholders Services Trust Company
New York, New York

Stock Exchange(s): New York, Midwest

Ticker Symbol: GY

Number of Employees:

1988	15,600	1985	27,000
1987	14,100	1984	27,800
1986	26,700		

Sales & Earnings

		Net Sales + (000's)		Net Income (000's)
1988	$	1,891,000	$	70,000
1987		1,619,000		475,000
1986		1,537,000		130,000
1985		1,457,000		75,000
1984		1,248,000		7,000

	No. of Com. Share ‡		Earn. per Share ‡
1988	31,730,665	$	2.19
1987	48,138,812		9.87
1986	67,007,046		1.94
1985	66,941,442		1.12
1984	66,928,000		0.11

+ Of continuing opeations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock split.

Revenues by Line of Business
(000's)

		1988		1987
Aerojet	$	1,056,000	$	881,000
Automotive		358,000		316,000
Polymer products		477,000		422,000
Total	$	1,891,000	$	1,619,000

Common Stock

		Cash Dividend	Stock Dividend	Stock Split
1988	$	0.60	—	—
1987		0.50	—	
1986		0.50	2%	—
1985		0.50	2%	—
1984		0.50	—	—

Common Stock Equity

		Total Equity		Equity Per Share ‡
1988	$	(36,000,000)	$	—
1987		(97,000,000)		—
1986		1,048,000,000		15.64
1985		951,000,000		14.48
1984		910,000,000		14.13

(Deficiency)
‡ Adjusted to reflect stock dividends and stock split.

Income Account
(000's)

Year ended Nov. 30		1988		1987
Net sales	$	1,891,000	$	1,619,000
Cost of sales		1,564,000		1,308,000
Expenses		132,000		128,000
Depreciation		63,000		58,000
Interest income		(10,000)		(12,000)
Interest expense		57,000		25,000
Prov. for recapitalization		12,000		73,000
Inc. bef. taxes	$	73,000	$	39,000
Income taxes		18,000		21,000
Inc.- cont. oper.	$	55,000	$	18,000
Inc.- discont. oper.		12,000		457,000
Cum. effect of change in accntg. meth.		3,000		—
Net Income	$	70,000	$	475,000

Assets
(000's)

As of Nov. 30	1988	1987
Cash & short-term invest.	$ 41,000	$ 41,000
Accts. & notes receiv., net	235,000	210,000
*Inventories	229,000	188,000
Prepaid expenses	28,000	51,000
Net assets-discont. oper.	33,000	—
Current Assets	$ 566,000	$ 490,000
#Fixed assets	503,000	442,000
Investments & other assets	114,000	90,000
Net assets-discont. oper.	47,000 –	86,000
Total Assets	$ 1,230,000	$ 1,108,000

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 13,000	$ 31,000
Accts. payable	143,000	117,000
Accrued compensation	64,000	65,000
Other liab. & accruals	110,000	130,000
Liab. for recapitalization	33,000	29,000
Income taxes	38,000	76,000
Net liab.-discont. oper.	—	84,000
Curr. Liabilities	$ 401,000	$ 532,000
Long-term debt	674,000	473,000
Deferred credits	191,000	200,000
+Common stock	3,000	3,000
Add. paid-in capital	1,000	—
Retained earnings (deficit)	(45,000)	(101,000)
Cum. curr. trans. adjust.	5,000	1,000
Total Liabilities & Shareholders' Equity	$ 1,230,000	$ 1,108,000

* At lower of cost or market. Automotive & polymer prods. at LIFO; aerojet at average cost.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

	1988	1987
Sales to Inventories	8.26	8.61
Working Capital	$ 165,000,000	—
Current Ratio	1.41	—
Shareholders' Equity (Deficiency)	$ (36,000,000)	$ (97,000,000)

General Automation, Inc.

1055 S. East Street
Anaheim, California 92805
(714) 778-4800

Officers: Alexander W. Giles, Jr., chairman of the board; Leonard N. Mackenzie, vice chairman; W. Norris Agee, president & chief executive officer; Robert D. Bagby, v.p.-manufacturing; Irvin Ella, v.p.-Europe; Douglas J. Tullio, v.p.-North America; James C. Tung, v.p.-Pacific basin; Carlos E. Lozano, v.p.-engineering; Donald W.S. Rutherford, v.p.-finance & administration & chief financial officer; - Richard J. Vogt, treasurer; John B. Conlan, Jr., secretary.

Directors: Alexander W. Giles, Jr., chairman of the board; John B. Conlan, Jr., William Lucas, John C. Ball, W. Norris Agee, Leonard N. Mackenzie.

Areas of Work: Designs, develops, manufactures, and markets business-oriented, multi-user microcomputers and fault-tolerant, self-checking architecture multi-user microcomputers.

Subsidiaries:

General Automation, Ltd.
United Kingdom

General Automation, S.A.
France

General Automation, S.A.
Belgium

Acquisition:

Aston Technology, Ltd.
Birmingham, England
Engaged in the specification, integration and marketing of business computer systems.

Transfer Agent(s):

Bank of America
Corporate Agency Division
55 So. Flower Street
Los Angeles, California 90071

Stock Exchange(s): American

Ticker Symbol: GA

Number of Employees:

1988	440	1985	420
1987	400	1984	931
1986	370		

Plant Footage:

1988	98,000 sq. ft.	1985	115,000
1987	120,000	1984	257,000
1986	115,000		

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 50,929,000	$ (11,044,000)
1987	42,825,000	1,637,000
1986*	29,141,000	2,140,000
1985	52,847,000	(8,029,000)
1984	75,510,000	(3,294,000)

	No. of Com. Shares	Earn. per Share ‡ +
1988	5,637,388	$ —
1987	5,455,930	0.33
1986*	3,296,336	0.74
1985	2,692,930	—
1984	2,685,630	—

(Loss)
* 11 months.
‡ Including extraordinary credits of $769,000 in 1988, $1,086,000 ($0.21 per share) in 1987, $10,329,000 ($3.29 per share) in 1986 and $80,000 in 1984.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ (36,000)	$ —
1987	10,975,000	2.01
1986	130,000	0.04
1985	(5,244,000)	—
1984	2,786,000	1.04

(Deficiency)

Income Account *

Year ended June 30	1988	1987
Net sales	$ 50,929,000	$ 42,825,000
Cost of sales	32,259,000	25,830,000
Expenses	24,230,000	15,491,000
Interest expense	857,000	418,000
Other expense (income)	642,000	(407,000)
Prov. for dispos.	3,772,000	(206,000)
Income (loss) before taxes	$ (10,831,000)	$ 1,699,000
Income taxes	982,000	1,148,000
Net Income (Loss)	$ (11,813,000)	$ 551,000
Extraordinary gain	—	1,086,000
Net Income (Loss) & extraord. gain	$ (11,813,000)	$ 1,637,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,552,000 in 1988 and $756,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 805,000	$ 2,638,000
Accts. receiv., net	12,147,000	13,181,000
* Inventories	9,179,000	8,813,000
Prepaid expenses	999,000	801,000
Current Assets	$ 23,130,000	$ 25,433,000
# Fixed assets	3,777,000	3,572,000
Other assets	5,845,000	2,054,000
Total Assets	$ 32,752,000	$ 31,059,000

Liabilities

	1988	1987
Notes payable & long-term debt. curr.	$ 4,057,000	$ 359,000
Accts. payable	8,019,000	6,441,000
Advance from customers	2,233,000	2,072,000
Accruals	11,962,000	3,715,000
Income taxes	5,111,000	3,350,000
Curr. Liabilities	$ 31,382,000	$ 15,937,000
Long-term debt	1,083,000	1,094,000
Accrued inc. taxes	—	2,070,000
Deferred income taxes	178,000	163,000
Deferred income	145,000	820,000
+ Common stock	564,000	546,000
Add. paid-in capital	37,493,000	37,222,000
Deficit	(38,502,000)	(27,458,000)
Translation adjustment	409,000	665,000
Total Liabilities & Shareholders' Equity	$ 32,752,000	$ 31,059,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	—	3.97
%Net Income to Sales	—	1.29
%Net Income to Equity	—	5.02
Sales to Inventories	5.55	4.86
Debt to Equity	—	0.13
Working Capital	—	$ 9,496,000
Current Ratio	—	1.60
Shareholders' Equity (Deficiency)	$ (36,000)	$ 10,975,000

General Binding Corporation

(55.7% owned by Lane Industries, Inc.)

One GBC Plaza
Northbrook, Illinois 60062
(312) 272-3700

Officers: William N. Lane, III, chairman; Rudolph Grua, president & chief exec. officer; Elliott L. Smith, sr. vp.-international; John G. Lindroth, sr. v.p.-domestic sales; Joseph J. LaPorte, v.p.-corporate relations; Edward J. McNulty, v.p. & chief financial officer; Govi C. Reddy, sr. v.p.-subsidiary operations; Walter M. Hebb, v.p.-marketing; Steven Rubin, v.p., secretary & general counsel; John A. Janes, v.p.-dealer sales; Paul E. Wiedlin, v.p.-manufacturing.

General Binding Corporation

Directors: Rudolph Grua, Arthur C. Nielsen, Jr., Warren R. Rothwell, Thomas V. Kalebic, William N. Lane, III, Leslie R. Graham, James M. Denny, Robert J. Stucker, , Harry Bruce.

Areas of Work: Engaged in the design, manufacture, and distribution of a broad line of business machines and related supplies which bind, laminate and shred printed materials. Also manufactures and distributes photo identification systems and ring elements for looseleaf binders.

Divisions and Subsidiaries:

U.S. RingBinder Corp.
New Bedford, Massachusetts

GBC Deutschland GmbH
Konigsbrunn, West Germany

GBC Australia Pty. Ltd.
Castle Hill, Australia

GBC Canada, Inc.
Don Mills, Ontario, Canada

GBC United Kingdom Limited
Camberley, Surrey, England

GBC France S.A.
Aulnay, France

GBC Nederland B.V.
Hoofdorp, The Netherlands

General Binding Corp. Italia S.p.A.
Tornaco, Italy

GBC Japan K.K.
Noda, Japan

Grupo GBC S.A. de C.V. (Mexico)
Mexico City, Mexico

GBC Schweiz A.G.
Wollerau, Switzerland

GBC New Zealand Ltd.
New Zealand

U.S. Ringbinder (Singapore) Pte. Ltd.
Singapore

GBC Austria GmbH
GBC Belgium N.V.
GBC Espana
GBC Scandinavia A.B.

GBC Nuevo Laredo
Nuevo Laredo, Mexico
Manufactures stock plastic bindings and specialty looseleaf metals.

Transfer Agent(s):

Harris Trust and Savings Bank
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GBND (NASDAQ)

Number of Employees:

1988	3,159	1985	3,056
1987	3,099	1984	2,833
1986	3,049		

Plant Footage:

1988 .... 821,000 sq. ft. 1987 773,000

Sales & Earnings

	Net Sales †	Net Income
1988	$ 250,626,000	$ 14,856,000
1987	212,005,000	10,873,000
1986	181,385,000	6,030,000
1985	160,048,000	3,606,000
1984	149,994,000	6,403,000

	No. of Com. Shares #	Earn. per Share +
1988	10,644,562	$ 1.39
1987	10,749,720	1.01
1986	10,721,371	0.55
1985	11,033,344	0.33
1984	11,071,566	0.58

† Of continuing operations only.
# Adjusted to reflect stock splits.
+ Based on the average number of common shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1988	1987	1986	1985
Business machines	26 %	25 %	23 %	24 %
Related supplies & other products	74	75	77	76
Total	100 %	100 %	100 %	100 %

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.280	—	3-for-2
1987	0.196	—	
1986	0.176	—	—
1985	0.164	—	—
1984	0.152	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 92,163,000	$ 8.66
1987	83,613,000	7.78
1986	71,516,000	6.67
1985	67,511,000	6.12
1984	64,641,000	5.84

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 250,626	$ 212,005
Cost of sales	127,148	108,943
Expenses	98,560	83,809
Interest expense	1,322	1,849
Other expense (income)	(861)	681
Income before taxes	$ 24,457	$ 16,721
Income taxes	9,601	7,122
Inc.- cont. oper.	$ 14,856	$ 9,599
Inc.- discont. oper.	—	1,274
Net Income	$ 14,856	$ 10,873

* Included in Costs and Expenses, Depreciation and Amortization: $5,878,000 in 1988 and $5,480,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 15,921	$ 19,052
Receiv., net	46,530	39,404
*Inventories	45,398	35,902
Prepaid income taxes	5,735	4,942
Other curr. assets	4,396	3,469
Current Assets	$ 117,980	$ 102,769
#Fixed Assets	38,246	36,941
Other assets	5,001	4,659
Total Assets	$ 161,227	$ 144,369

Liabilities
(000's)

	1988	1987
Loans payable	$ 8,872	$ 2,989
Long-term debt, curr.	559	5,960
Accts. payable	19,218	15,431
Accrued payroll	7,697	6,860
Other accruals	13,386	12,673
Income taxes	4,312	3,141
Other taxes	2,430	2,276
Curr. Liabilities	$ 56,474	$ 49,330
Long-term debt	4,558	5,127
Cap. lease oblig.	624	—
Other liab.	1,577	2,158
Deferred inc. taxes	5,831	4,141
+Common stock	1,504	997
Add. paid-in capital	5,478	5,490
Retained earnings	93,758	81,904
Cum. trans. adjust.	2,144	1,970
Treasury stock	(10,721)	(6,748)
Total Liabilities & Shareholders' Equity	$ 161,227	$ 144,369

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.125 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	9.76	—
%Net Income to Sales	5.93	—
%Net Income to Equity	16.12	13.00
Sales to Inventories	5.52	5.91
Debt to Equity	0.16	0.17
Working Capital	$ 61,506,000	$ 53,439,000
Current Ratio	2.09	2.08
Shareholders' Equity	$ 92,163,000	$ 83,613,000

General Ceramics, Inc.

Greenwood Avenue
Haskell, New Jersey 07420
(201) 839-1600

Officers: Melvin Eisenberg, president & chief executive officer; Fedia R. Charvat, v.p. & gen. mgr.-National Beryllia Division; Krishna V. Agnihotri, v.p. & dir. of technology; Robert J. Sisolak, v.p. & gen. mgr.-Ceramic Systems Div. and Tekform Products Div.; Harry S. Axt, v.p., secretary, treasurer & chief financial officer; Carolyn M. Gagas, asst. secretary.

Directors: Henry H. Arnhold*, Melvin Eisenberg*, Herman Fialkov, Bruce A. MacNaughton*, Stanford S. Warshawsky, Charles J. Lawson*, Jr., Kenneth E. Davis.

* Member of the Executive Committee

Areas of Work: Engaged in the manufacture and sale of ceramic and metal components used for discrete power transistors and diodes, integrated circuit and hybrid circuit devices, electrical insulation, etc.

Divisions:

Ceramic Systems
2780 Coronado Street
Anaheim, California 92806
(714) 630-6108

National Beryllia
Greenwood Avenue
Haskell, New Jersey 07420
(201) 839-1600

Tekform Products
2770 Coronado Street
Anaheim, California 92806
(714) 630-2340

Transfer Agent(s):

Mellon Securities Transfer Services
One Executive Drive
Fort Lee, New Jersey 07024

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GCER (NASDAQ)

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 21,127,400	$ 647,729
1987	30,423,494	3,848,829
1986	25,910,959	3,285,820
1985	23,029,985	2,485,453
1984	12,260,480	1,772,356

	No. of Com. Shares +	Earn. per Share †
1988	3,270,185	$ 0.20
1987	3,227,576	1.18
1986	2,806,560	1.13
1985	2,692,238	0.87
1984	2,679,580	0.63

+ Adjusted to reflect stock splits.
† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.10	—	—
1987	0.09	—	
1986	0.07	—	—
1985	0.05	—	2-for-1
1984	0.04	—	5-for-4

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 25,189,424	$ 7.70
1987	24,803,064	7.68
1986	14,149,531	5.04
1985	10,573,393	3.93
1984	8,204,382	3.06

† Adjusted to reflect stock splits.

Income Account

Year ended June 30	1988	1987
Net sales	$ 21,127,400	$ 30,423,494
Cost of sales	16,119,196	18,748,154
Expenses	3,778,047	3,815,004
Depreciation	917,027	812,218
Interest income	(766,599)	(497,711)
Income before taxes	$ 1,079,729	$ 7,545,829
Income taxes	432,000	3,697,000
Net Income	$ 647,729	$ 3,848,829

Assets

As of June 30	1988	1987
Cash	$ 3,953,186	$ 6,440,354
Marketable securities	9,505,655	5,212,500
Accts. receiv., net	2,578,901	5,054,923
* Inventories	3,258,750	3,157,013
Loan due from officer	224,799	311,165
Prepaid expenses & other current assets	375,919	521,086
Income taxes receiv.	299,832	—
Current Assets	$ 20,197,042	$ 20,697,041
# Fixed assets	7,060,175	6,902,031
Other assets	194,230	—
Total Assets	$ 27,451,447	$ 27,599,072

Liabilities

	1988	1987
Accts. payable	$ 758,930	$ 761,594
Accruals	1,020,760	1,080,173
Inc. taxes pay.	—	753,728
Other curr. liab.	186,003	136,413
Curr. Liabilities	$ 1,965,693	$ 2,731,908
Deferred inc. taxes	102,100	64,100
Accrued pension liab.	194,230	—
+ Common stock	3,295,616	3,240,868
Add. paid-in capital	8,640,370	8,427,028
Retained earnings	13,732,840	13,410,503
Treasury stock	(479,402)	(275,335)
Total Liabilities & Shareholders' Equity	$ 27,451,447	$ 27,599,072

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1988	1987
% Income bef. Taxes to Sales	5.11	24.80
% Net Income to Sales	3.07	12.65
% Net Income to Equity	2.57	15.52
Sales to Inventories	6.48	9.64
Working Capital	$ 18,231,349	$ 17,965,133
Current Ratio	10.27	7.58
Shareholders' Equity	$ 25,189,424	$ 24,803,064

General DataComm Industries, Inc.

1579 Straits Turnpike
Middlebury, Connecticut 06762
(203) 574-1118

Officers: Charles P. Johnson, chairman of the board & chief executive officer; Ross A. Belson, president & chief operating officer; Frederick R. Cronin, v.p.-technology; Robert S. Smith, v.p.-corporate planning; William S. Lawrence, v.p.-finance & chief financial officer; James R. Arcara, v.p.-corporate operations; Dennis J. Nesler, v.p. & treasurer; Howard S. Modlin, secretary; Daniel L. Young, v.p.-marketing; Rick L. Mantz, v.p.-engineering; Paul W. DeLacey, v.p.-mfg. operations; Harry A. Krum, Jr., v.p.-U.S. sales.

Directors: Charles P. Johnson, chairman; Howard S. Modlin, Frederick R. Cronin, Lee M. Paschall.

Areas of Work: Designs, produces, markets, installs, and services communications equipment and networks that transmit data, voice and video over private and public telecommunications facilities. Company- manufactured products include time division and statistical multiplexers, packet switches, a wide range of analog and digital data sets, and network control and diagnostic equipment to monitor and maintain communications systems.

Subsidiaries:

General DataComm, Inc.
DataComm Leasing Corporation
DataComm Service Corporation
General DataComm Limited (England)
General DataComm Ltd. (Canada)
General DataComm International Corporation
General DataComm Systems, Inc.
General DataComm Foreign Sales Corporation
GDC Realty Inc.
General DataComm Pty. Limited (Australia)
DataComm Service Corporation

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: GDC

Number of Employees:

1988	2,493	1985	2,629
1987	2,640	1984	2,029
1986	2,517		

Plant Footage:

1988 .... 677,500 sq. ft. 1987 892,000

Sales & Earnings‡

	Revenues	Net Income
1988	$ 196,215,000	$ (18,406,000)
1987	206,889,000	783,000
1986	182,703,000	3,926,000
1985	190,976,000	10,800,000
1984	151,709,000	11,313,000

	No. of Com. Shares #	Earn. per Share #
1988	14,442,000	$ —
1987	15,033,000	0.05
1986	15,335,000	0.26
1985	15,289,000	0.71
1984	14,213,000	0.80

(Loss)
‡ Restated to reflect change in accounting for the majority-owned subsidiaries and for cash flows.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 63,904,000	$ 4.42
1987	82,739,000	5.50
1986	84,739,000	5.53
1985	81,725,000	5.35
1984	51,139,000	3.60

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1988	1987 ‡
Revenues	$ 196,215,000	$ 206,889,000
Cost of sales	112,797,000	113,205,000
Expenses	91,233,000	89,114,000
Restruc. of oper.	7,874,000	—
Interest expense	3,025,000	3,486,000
Gain on sale of invest.	—	(530,000)
Other income	(308,000)	(472,000)
Income (loss) before taxes	$ (18,406,000)	$ 2,086,000

Income taxes	—	1,303,000
Net Income (Loss)	$ (18,406,000)	$ 783,000

* Included in Costs and Expenses, Depreciation and Amortization: $13,989,000 in 1988 and $11,590,000 in 1987.

Assets

As of Sept. 30	1988	1987 ‡
Cash	$ 3,355,000	$ 1,671,000
Accts. receiv., net	44,187,000	46,407,000
*Inventories	50,762,000	56,140,000
Prepaid expenses & other assets	6,166,000	5,112,000
Current Assets	$ 104,470,000	$ 109,330,000
#Fixed assets	45,137,000	49,028,000
Other assets	4,793,000	4,327,000
Total Assets	$ 154,400,000	$ 162,685,000

Liabilities

Cap. lease oblig., curr.	$ 5,231,000	$ 4,447,000
Accts. payable	7,049,000	6,780,000
Accrued payroll	6,813,000	5,840,000
Deferred income	3,142,000	2,385,000
Accrued restruc. costs	5,216,000	—
Other curr. liab.	9,710,000	10,256,000
Curr. Liabilities	$ 37,161,000	$ 29,708,000
Revolv. credit notes	22,932,000	17,817,000
Cap. lease oblig.	7,230,000	8,007,000
Deferred income	19,049,000	20,657,000
Deferred inc. taxes	2,862,000	2,311,000
Other liabilities	1,262,000	1,446,000
+Common stock	1,557,000	1,538,000
Add. paid-in capital	45,213,000	45,146,000
Retained earnings	23,288,000	41,694,000
Treasury stock	(7,192,000)	(6,344,000)
For. curr. trans. adjust.	1,038,000	705,000
Total Liabilities & Shareholders' Equity	$ 154,400,000	$ 162,685,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.01
%Net Income to Sales	—	0.38
%Net Income to Equity	—	0.95
Sales to Inventories	3.87	3.69
Debt to Equity	0.55	0.37
Working Capital	$ 67,309,000	$ 79,622,000
Current Ratio	2.81	3.68
Shareholders' Equity	$ 63,904,000	$ 82,739,000

General Dynamics Corporation

Pierre Laclede Center
St. Louis, Missouri 63105-1861
(314) 889-8200

Officers: Stanley C. Pace, chairman of the board & chief exec. officer; Herbert F. Rogers, president & chief operating officer; Lester Crown, exec. v.p. & chairman-Material Service Corporation; James R. Mellor, exec. v.p.-Marine, Land Systems & International; Ralph E. Hawes, exec. v.p.-missiles & electronics; Russell W. Meyer, Jr., exec. v.p. & chairman-Cessna Aircraft Company; James J. Cunnane, v.p. & chief financial officer; Melville R. Barlow, v.p. & gen. mgr.-electronics; Michael C. Keel, v.p. & gen. mgr.-valley systems; David J. Wheaton, v.p.-program development & planning; E. Alan Klobasa, corp. secretary; Reginald G. Low, v.p.-technology development & engineering; William H. L. Mullins, v.p.-government relations; Sterling V. Starr, v.p. & general manager-Pomona; Alan M. Lovelace, v.p. & general manager-space systems; Robert H. Duesenberg, v.p. & general counsel; Charles A. Anderson, v.p. & gen. mgr.-Fort Worth Division; Arch H. Rambeau, v.p.-human resources; James E. Turner, Jr., v.p. & gen. mgr.-Electric Boat; C. Robert Stoker, v.p. & treasurer; Frederick S. Wood, exec. v.p.-contracts, pricing & international offset; B. Edward Ewing, v.p.-operations; John E. McSweeney, v.p. & gen. mgr.-Convair Division; Robert W. Truxell, v.p. & gen. mgr.-Land Systems; Robert A. Morris, v.p.-communications; Asaph H. Hall, v.p. & gen. mgr.-data systems.

Directors: Stanley C. Pace, chairman; Thomas G. Ayers, Lester Crown, Milton Falkoff, Harvey Kapnick, James R. Mellor, Russell W. Meyer, Jr., Herbert F. Rogers, Elliot H. Stein, James S. Crown, David S. Lewis, Allen E. Puckett, Bernard W. Rogers, Cyrus R. Vance.

Areas of Work: Design, engineering and manufacturing of military aircraft, missiles and gun systems, space systems and their related subassemblies and components, as well as the design and production of various defense electronic systems and products; design, engineering and manufacturing of submarines, tanks, land vehicles and support systems, and general aviation aircraft; production of commercial aircraft subassemblies and electric motors, commercial space launch vehicles and services, operation of Maritime Prepositioning Ships; production of building products, lime and the mining of coal.

Divisions:

Convair Division
5001 Kearny Villa Road
San Diego, California 92123
(619) 573-8000

Data Systems Division
12101 Woodcrest Executive Drive
St. Louis, Missouri 63141
(314) 851-8900

Electric Boat Division
75 Eastern Point Road
Groton, Connecticut 06340
(203) 441-1000

Electronics Division
5011 Kearny Villa Road
San Diego, California 92123
(619) 573-6111

Fort Worth Division
General Dynamics Boulevard
Fort Worth, Texas 76101
(817) 777-2000

Land Systems Division
38500 Mound Road
Sterling Heights, Michigan 48310
(313) 825-4000

Pomoua Division
1675 West Mission Boulevard
Pomona, California 91766
(714) 868-1000

Space Systems Division
5001 Kearny Villa Road
San Diego, California 92123
(619) 573-8000

Valley Systems Division
11000 East Fourth Street
Rancho Cucamonga, California 91730
(714) 945-7000

Subsidiaries:

American Overseas Marine Corporation
116 East Howard Street
Quincy, Massachusetts 02169
(617) 786-8300

Marblehead Lime Company
222 N. LaSalle Street
Chicago, Illinois 60601
(312) 263-4490

Material Service Corporation
222 N. LaSalle Street
Chicago, Illinois 60601
(312) 372-3600

Freeman United Coal Mining Company
222 N. LaSalle Street
Chicago, Illinois 60601
(312) 263-2800

General Dynamics Services Co.
12101 Woodcrest Executive Drive
St. Louis, Missouri 63141
(314) 851-4050

Cessna Aircraft Company
Mid-Continent Airport
6330 Southwest Boulevard
Wichita, Kansas 67215
(316) 946-6000
Manufacture of general aviation aircraft.

Transfer Agent(s):

General Dynamics Corporation
(common & preferred)
Pierre Laclede Center
St. Louis, Missouri 63105

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: GD

Number of Employees:

(at fiscal year end)

1988	102,800	1985	103,300
1987	105,300	1984	92,809
1986	105,400		

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 9,551,000	$ 379,000
1987	9,412,000	437,300
1986	8,959,000	(52,500)
1985	7,993,000	383,300
1984	7,328,000	381,700

	No. of Com. Shares	Earn. per Share #
1988	41,688,996	$ 9.03
1987	41,924,750	10.26
1986	42,926,657	—
1985	42,453,846	9.05
1984	43,206,113	8.08

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Gov't. aerospace	$ 5,901,500	$ 5,673,500
Submarines	1,548,400	1,602,800
Land systems	1,001,200	1,042,900
General aviation	453,700	457,300
Material serv. & resources	413,200	462,000
Other	233,000	173,600
Total	$ 9,551,000	$ 9,412,100

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.00	—	—
1987	1.00	—	
1986	1.00	—	—
1985	1.00	—	—
1984	1.00	—	—

Common Stock Equity
(000's)

	Total Equity	Equity Per Share
1988	$ 1,922,000	$ 46.10
1987	1,601,000	38.19
1986	1,264,000	29.45
1985	1,336,000	31.46
1984	1,062,100	24.58

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 9,551,000	$ 9,412,100
Cost of sales	9,028,900	8,762,100
Int. expense	48,400	41,400
Other expense	18,700	9,700
Income before taxes	$ 455,000	$ 598,900
Income taxes	76,000	161,600
Net Income	$ 379,000	$ 437,300

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $326,400,000 in 1988 and $320,600,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 227,800	$ 181,100
Accts. receiv., net	444,900	393,100
Gov't. contracts in progress	2,361,300	2,041,500
*Inventories	446,000	370,400
Notes & leases receiv.	108,400	84,200
Prepaid expenses	47,400	61,200
Current Assets	$ 3,635,800	$ 3,131,500
Deferred charges	138,400	224,600
#Fixed assets	1,700,000	1,496,300
Assets leased under oper. leases	91,700	71,600
Notes & leases receiv.	485,700	527,500
Acq. cost of MI Tank Prog.	66,500	101,900
Total Assets	$ 6,118,100	$ 5,554,000

Liabilities
(000's)

Commercial paper	$ 40,000	$ —
Long-term debt, curr.	78,900	15,100
Accts. payable	852,500	674,100
Accrued salaries	222,600	215,300
Other accruals	361,700	325,100
Inc. taxes payable	78,600	202,100
Def. income taxes	398,600	563,100
Curr. Liabilities	$ 2045,700	$ 2,058,300
Long-term debt	974,900	849,600
Product liability	177,100	167,400
Deferred inc. taxes	470,100	375,000
Other liabilities	528,300	502,700
+Common stock	55,400	55,400
Add. paid-in capital	24,700	24,700
Retained earnings	2,611,800	2,280,300
Treasury stock	(769,900)	(759,400)
Total Liabilities & Shareholders' Equity	$ 6,118,100	$ 5,554,000

* At lower of average cost or market. Aviation inventories at LIFO.

# Less accumulated depreciation, depletion and amortization.

+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.76	6.36
%Net Income to Sales	3.97	4.65
%Net Income to Equity	19.72	27.31
Sales to Inventories	21.41	25.41
Debt to Equity	0.55	0.54
Working Capital	$ 1,590,100,000	$ 1,073,200,000
Current Ratio	1.78	1.52
Shareholders' Equity	$ 1,922,000,000	$ 1,601,000,000

General Electric Canada Inc.

(formerly Canadian General Electric Company Limited)

2300 Meadowvale Boulevard
Mississauga, Ontario L5N 5P9, Canada
(416) 453-1124

(91.9% owned by General Electric Company)

Officers: William R. C. Blundell, chairman & chief executive officer; Robert T. E. Gillespie, exec v.p.; Stephen G. Snyder, president & chief exec. officer-Camco Inc.; Michael N. Davies, v.p., general counsel & secretary; Carl B. Haller, treasurer; D. Peter Donovan, comptroller; Ian A. Bourne, v.p.-finance; Walter R. Fell, v.p. & mgr.-hydro; Harold G. Giles, v.p. & gen. mgr.-corporate human resources; Paul D. Scholfield, v.p. & gen. mgr.-power systems & services; W. David Wrench, v.p. & gen. mgr.-motors & drives; Michael W. D. Howell, v.p. & mgr.-corp. business development; Geoffrey E. Relph, chief information officer; Neil Parker, v.p. & gen. mgr.-lighting products.

Directors: D. Steele Curry, Frank P. Doyle, H. Ian Macdonald, Antoine Turmel, Denis W. Timmis, John A. Urquhart, William R. C. Blundell, Guy St-Germain, Bernd K. Koken, Bernard Lamarre, John D. Opie.

Divisions:

Consumer Division
Manufactures, markets and services televisions, radios, stereos, kitchen and laundry appliances, room air conditioners, portable electric housewares and lighting products.

Technology Division
Products include aircraft engines, aerospace products, plastics/silicones and specialty materials, medical systems, industrial automation and communications products and services.

Resources and Power Generation Division
Products and services include motors and drives, power systems and services, and oil and gas properties and services.

Subsidiary Companies:

Amalgamated Electric Corporation Limited
Camco Inc.
Canadian General Electric International Limited
Cange Limited
Corod Industries Inc.
Dominion Engineering Company Limited
Genelcom Limited
Installations Benjamin Inc.
W.L. Stevens Limited
Corod Oilfield Industries Inc.
GETSCO Technical Services Inc.

RCA Inc.
Vaudreuil, Quebec, Canada
Supplies electro optical components and subsystems for space, defense, communications and industrial applications.

Associated Companies:

Alliance Ballast Inc.
Valmet-Dominion Inc.
GE Fanuc Automation Canada Inc.

Affiliated Companies:

General Electric Capital Canada Inc.
General Electric Capital Equipment Leasing Inc.
General Electric Capital Real Estate Finance Inc.
669399 Ontario Limited
General Electric Capital Equipment Finance Inc.
General Electric Capital Canadian Holdings Limited
General Electric Vehicle Management Inc.
Transport International Pool of Canada Limited
General Electric Railcar Services Canada Ltd.

Transfer Agent(s):

National Trust Company
Toronto, Ontario, Canada

Stock Exchange(s): Toronto

Ticker Symbol: CGET

Number of Employees:

1988	10,326	1985	11,605
1987	10,425	1984	12,300
1986	11,480		

Sales & Earnings

	Net Sales ‡	Net Income
1988	$ 1,587,096,000	$ 74,800,000
1987	1,689,345,000	62,500,000
1986	1,642,350,000	56,300,000
1985	1,493,700,000	52,800,000
1984	1,417,700,000	35,600,000

	No. of Com. Shares †	Earn. per Share #
1988	49,072,800	$ 1.52
1987	49,072,800	1.27
1986	49,072,800	1.15
1985	49,072,800	1.08
1984	49,072,800	0.73

‡ Includes sales of products and services.
† Adjusted to reflect stock split.
# Based on the number of common shares outstanding assuming conversion of all cumulative convertible preferred shares adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Technology	$ 554,315,000	$ 564,476,000
Major appliances	558,771,000	526,053,000
Resources & power generation	472,284,000	494,485,000
Gen. corporate	1,726,000	104,331,000
Total	$ 1,587,096,000	$ 1,689,345,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.55	—	—
1987	2.17	—	
1986	0.40	—	—
1985	0.40	—	—
1984	0.40	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 557,487,000	$ 11.36
1987	509,670,000	10.39
1986	465,581,000	9.49
1985	516,840,000	10.53
1984	N.A.	9.86

N.A. - Not Available.
‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales & services	$ 1,587,096	$ 1,689,345
Costs of sales & exp.	1,410,349	1,535,333
Depreciation & amortization	45,733	39,538
Misc. taxes	10,392	10,392
Other income	(36,719)	(25,444)
Interest expense	11,323	6,036
Income before taxes	$ 146,018	$ 123,490
Income taxes	56,587	49,925
Minority interest	14,625	11,075
Net Income	$ 74,806	$ 62,490

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 175,773	$ 91,236
Receiv., net	304,281	340,182
*Inventories	300,027	237,663
Deferred taxes	33,591	21,698
Current Assets	$ 813,672	$ 690,779
Investments	15,068	16,093
Long-term. receiv.	7,286	10,598
#Fixed assets	268,576	255,759
Oil & gas resources props.	33,159	34,550
Deferred charges & other assets	36,852	22,482
Total Assets	$ 1,174,613	$ 1,030,261

Liabilities
(000's)

	1988	1987
Short-term borrowings	$ 17,732	$ 27,323
Accts. payable	138,649	123,903
Progress collections	90,848	57,778
Taxes payable	31,698	19,664
Other liabilities	183,589	161,985
Curr. Liabilities	$ 462,516	$ 390,653
Long-term borrowings	2,711	3,543
Accruals	29,734	26,802
Minority interest	60,839	50,525
Deferred inc. taxes	61,326	49,068
+Common stock	26,942	26,942
Retained earnings	530,545	482,728
Total Liabilities & Shareholders' Equity	$ 1,174,613	$ 1,030,261

* At lower of cost (FIFO) and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	9.20	7.31
%Net Income to Sales	4.71	3.70
%Net Income to Equity	13.42	12.26
Sales to Inventories	5.29	7.11
Debt to Equity	0.04	0.06
Working Capital	$ 300,126,000	$ 300,126,000
Current Ratio	1.77	1.77
Shareholders' Equity	$ 557,487,000	$ 509,670,000

General Electric Company

3135 Easton Turnpike
Fairfield, Connecticut 06431
(203) 373-2431

Officers: John F. Welch, Jr., chairman of the board & chief executive officer; Lawrence A. Bossidy, vice chairman & executive officer; Edward E. Hood, Jr., vice chairman & executive officer; James R. Bunt, corp. exec. v.p.; Paul W. Van Orden, exec. v.p.; Dennis D. Dammerman, sr. v.p.-finance; Jack O. Peiffer, sr. v.p.-exec. management; Frank P. Doyle, sr. v.p.-relations; Walter L. Robb, sr. v.p.-research & development; Benjamin W. Heineman, Jr., sr. v.p., general counsel & secretary; Nigel D. T. Andrews, v.p.-business development & planning; James J. Costello, v.p. & comptroller; Dale F. Frey, v.p. & treasurer, and chairman & pres.-General Electric Investment Corp.; Joseph Handros, v.p. & deputy general counsel; Joyce Hergenhan, v.p.-public relations; Teresa M. LeGrand, v.p.-audit staff; Phillips S. Peter, v.p.-government relations; Arthur V. Puccini, v.p.-employee relations; Edward J. Skiko, v.p.-information technology; Philip A. Lacovara, v.p. & sr. counsel-litigation & legal policy; John M. Samuels, v.p. & sr. counsel-tax policy & planning.

Directors: John F. Welch, Jr., chairman; H. Brewster Atwater, Jr., Richard T. Baker, Lawrence A. Bossidy, Charles D. Dickey, Jr., Lawrence E. Fouraker, Henry H. Henley, Jr., Henry L. Hillman, Edward E. Hood, Jr., David C. Jones, Robert E. Mercer, Gertrude G. Michelson, Barbara Scott Preiskel, Lewis T. Preston, Frank H. T. Rhodes, Andrew C. Sigler, William French Smith, Walter B. Wriston.

Areas of Work: Aerospace products and services span space sciences, radar systems, electronics and microelectronics, ordnance systems, avionics, computer software, space satellites, and simulation and control systems. Most aerospace sales are to agencies of the United States government, principally the Department of Defense and NASA.

Aircraft engines and replacement parts are manufactured and sold by GE for use in military and commercial aircraft, for use in naval ships and for use as industrial power sources. GE's military engines are used in a wide variety of aircraft that includes fighters, bombers, tranports and helicopters. GE also produces jet engines for executive aircraft and regional commuter airlines.

Consumer products include lighting products, which include a wide variety of lamps, incandescent, fluorescent, high-intensity, halogen and specialty as well as wiring devices and quartz products.

The industrial segment includes factory automation products, comprised of electrical and electronic products, including motors and motor-related products, consisting mainly of appliance motors and controls; electrical distribution and circuit protection equipment needed for installation in commercial, industrial and residential building; the GE Supply Company Division, which operates a nationwide network of electrical supply houses, transportation systems, which include diesel-electric and electric locomotives, transit propulsion equipment, motorized wheels for off-highway vehicles, and drilling drives.

The major appliance segment includes both GE and Hotpoint brands of kitchen and laundry equipment, such as refrigerators, ranges, microwave ovens, freezers, dishwashers, clothes washers and dryers, and room air conditioners.

The materials segment includes high-performance engineering plastics, silicones, superabrasives and laminates. This segment also includes Ladd Petroleum Corporation, an oil and natural gas developer and supplier.

The power systems segment provides products for the generation, transmission and distribution of electricity; industrial drives; and related construction, installation, engineering and repair services.

Technical products and services include medical systems and services, communications and information services, and the Calma Company. Medical systems include magnetic resonance (MR) scanners, computer tomography (CT) scanners, x-ray, nuclear imaging, ultrasound, and other diagnostic equipment and supporting services; principal communications operations involve the furnishing of domestic satellite communications services by RCA Americom and the furnishing of international communications services by RCA Globcom; mobile communications products consist mainly of mobile and hand-carried two-way and one-way radio equipment and cellular telephones; the Calma Company designs, manufactures and sells interactive graphics systems for computer-aided design and manufacturing.

GE is also involved in network television through the National Broadcasting Company, and in financial services through the General Electric Credit Corporation, Employers Reinsurance Corporation, and the 80%-owned Kidder, Peabody Group, Inc.

Principal Subsidiaries:

RCA Corporation
RCA American Communications (Americom)

General Electric Financial Services, Inc.
General Electric Credit Corporation
Employers Reinsurance Corporation
Kidder, Peadbody Group, Inc. (80% owned)

National Broadcasting Company
GE Computer Service
GE Information Services Company
GE Consulting Services
Calma Company
Ladd Petroleum Corporation

Acquisition(s):

Roper Corporation
1905 West Court Street
Kankakee, Illinois 60901
Manufactures appliances, principally gas ranges.

Transfer Agent(s):

The Bank of New York
Church Street Station
P.O. Box 11002
New York, New York 10249-1002

Stock Exchange(s): New York, Midwest*, Pacific*, Paris, Cincinnati, Philadelphia*, Boston, London, Tokyo.
*Unlisted trading privileges.

Ticker Symbol: GE

Number of Employees:

1988	298,000	1986	359,000
1987	302,000	1985	304,000

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 50,089,000	$ 3,386,000
1987	48,158,000	2,915,000
1986	42,013,000	2,492,000
1985	32,624,000	2,277,000
1984	31,742,000	2,239,000

	No. of Com. Shares †	Earn. per Share ‡ †
1988	901,780,000	$ 3.75
1987	911,639,000	3.20
1986	912,594,000	2.73
1985	910,762,000	2.50
1984	907,360,000	2.47

‡ Including extraordinary loss of $62,000,000 ($0.07 per share) in 1987.
† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Aerospace	$ 5,343,000	$ 5,262,000
Aircraft engines	6,481,000	6,773,000
Broadcasting	3,638,000	3,241,000
Industrial	7,061,000	6,662,000
Major appliances	5,289,000	4,721,000
Materials	3,539,000	2,751,000
Power systems	4,805,000	4,995,000
Technical prods.	4,431,000	3,670,000
Earn. of GE Fin. Serv.	788,000	552,000
Other	394,000	3,176,000
Eliminations	(1,477,000)	(1,287,000)
GE Fin. Serv.	9,797,000	7,642,000
Total	$ 50,089,000	$ 48,158,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1988	$ 1.460	—	—
1987	1.325	—	
1986	1.185	—	—
1985	1.115	—	—
1984	1.025	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1988	$ 18,466,000	$ 20.48
1987	16,480,000	18.08
1986	15,109,000	16.56
1985	13,671,000	15.01
1984	12,398,000	13.66

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales & services	$ 38,793,000	$ 39,307,000
GE Fin. Serv. earned inc. from oper.	10,621,000	8,196,000
Other income	675,000	655,000
Total income	$ 50,089,000	$ 48,158,000
Cost of sales & services	28,831,000	29,649,000
Expenses	6,752,000	5,762,000
Other expense	9,724,000	8,406,000
Unusual items	—	1,118,000
Minority interest	61,000	(4,000)
Income before taxes	$ 4,721,000	$ 3,227,000
Income taxes	1,335,000	1,108,000
Net Income	$ 3,386,000	$ 2,119,000
Extraord. loss	—	(62,000)
Cum. effect of acctg. change	—	858,000
Net Income & extraord. loss	$ 3,386,000	$ 2,915,000

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $2,266,000,000 in 1988 and $1,913,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 2,187,000	$ 2,543,000
Marketable securities	10,868,000	9,353,000
Secur. purch. under agree. to resell	13,811,000	12,889,000
Receiv., net	6,780,000	6,745,000
*Inventories	6,486,000	6,265,000
GE Fin. Serv. receiv.	40,531,000	32,297,000
#Fixed assets	13,611,000	12,973,000
Intangibles	8,552,000	5,748,000
Other assets	8,039,000	6,601,000
Total Assets	$ 110,865,000	$ 95,414,000

Liabilities
(000's)

Short-term borrowings	$ 30,422,000	$ 23,873,000
Accts. payable	6,004,000	5,728,000
Secur. sold under agree. to repurchase	13,864,000	13,187,000
Secur. sold but not yet purch.	2,088,000	1,407,000
Prog. collection	3,504,000	3,760,000
Dividends payable	369,000	319,000
Accruals	5,549,000	4,867,000
Long-term debt	15,082,000	12,517,000
Reserves of insur. affil.	4,177,000	3,549,000
Other liabilities	6,986,000	6,325,000
Def. inc. taxes	3,373,000	3,100,000
Minority interest	981,000	302,000
+Common stock	584,000	584,000
Add. paid-in capital	823,000	878,000
Retained earnings	17,950,000	15,878,000
Treasury stock	(891,000)	(860,000)
Total Liabilities & Shareholders' Equity	$ 110,865,000	$ 95,414,000

* At LIFO, not in excess of realizable values.
# Less accumulated depreciation.
+ $0.63 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.17	8.21
%Net Income to Sales	8.73	5.39
%Net Income to Equity	18.34	12.86
Debt to Equity	2.46	2.21
Shareholders' Equity (000's)	$ 18,466,000	$ 16,480,000

The General Electric Company, p.l.c.

1 Stanhope Gate
London W1A 1EH, England
01-493 8484

Officers: Lord Weinstock, chairman; M. R. Bates, deputy chairman; K. A. Bray, gas turbines, diesel engines; J. B. Cronin*, steam turbines, traction; R. J. Davidson, steam turbines, traction; J. D. Gadd, power systems; C. S. Gaskell, electronic instruments; P.J. Gillibrand, press and publicity; P. G. Higgins, overseas operations; K. H. Hodgkinson, Avery Group; M. Jay, electronic devices; O. S. Johnson*, wire and cables; M. Lester, legal; A. J. Lippitt*, export promotion; I. G. MacBean, electronics; Hon. Mrs. Sara Morrison, employee relations; D. H. Roberts, research; A. J. Rogers, finance; J. E. Samson, consumer goods; G. H. Trollope, industrial relations; Hon. Simon Weinstock, commercial affairs; R. J. Williams, automation and control.

* Member of the Executive Committee

Directors: The Right Hon. Lord Prior, chairman; M. R. Bates, deputy managing director; Sir Kenneth Bond, vice chairman; Lord Catto, R. J. Davidson, S. Z. de Ferranti, R. H. Grierson, vice chairman; M. Lester, Sir William Rees-Mogg, Hon. Mrs. Sara Morrison, E. T. Hall, F. Ross Johnson, I. G. MacBean, D. B. Newlands, D. Powell, D. H. Roberts, A. J. Rogers, Hon. Simon Weinstock, Lord Weinstock, managing director; R. J. Williams.

Areas of Work: In the area of Electronic Systems and Components, the Company manufactures electronic warfare equipment, including artillery command and control systems, anti-aircraft turrets, aircraft head up displays, missile seekers, antisubmarine equipment, infra-red warning receivers, and software for Tornado systems and Upholder submarines; small mobile terminals for satellite communications; thermal imagers, high-frequency receivers, automatic cross connection equipment for digital line circuits; engineering workstations, printed circuit board test systems, photoplotters, cathode ray tubes, surge arresters, miniature magnetrons and hybrid integrated circuit packages, variable vacuum capacitors for medical equipment, UHF television klystons and thyratrons, television camera tubes, car aerial systems, and quartz crystal oscillators.

In the area of Telecommunications and Business Systems, the Company manufactures digital exchange equipment, transmission products, including optical fiber systems, microwave radio systems and associated equipment; PABX equipment, telephones, time control and security systems, computer systems and software, optical fiber cable, industrial coding products, plain-paper copiers, continuous forms printers, and electronic publishing systems. The Company also operates a private mobile radio network.

In the area of Automation and Control, the Company manufactures automatic guided vehicles, robots, mine winder drive systems, generation and propulsion systems and dynamic ship positioning systems for sea-going vessels, control towers, industrial microprocessor-based controllers, drives and controls for the automotive industry, a full range of weighing, printing, point-of-sale and computer equipment and systems for retailers, industrial platform scales, indicators and laboratory balances and computer-linked weighing systems, materials testing machines, electronic drum and container liquid filling systems for the petro-chemical industry, protective relays and telecontrol equipment for the railroad industry, electronic relays to protect power transformers, busbars and small generators; building management systems, meters, airbridges, lifting beams, card-operated electronic parking meters, automatic vehicle location systems, traction gears, marine gearboxes, steam and gas turbine generator units, relays and control panels, indigenous disturbance recorders, static distance pro-statis busbar protection equipment, and offset printing products.

Medical equipment includes computer tomography scanners, magnetic resonance imaging equipment, and mobile X-ray systems.

Power Generation equipment includes gas and steam turbine generators, remote handling equipment for active waste, digital control equipment, fishing boat and diesel engines.

In the areas of Electrical Equipment and Consumer Products, the Company manufactures transmission switchgear, including circuit breakers, current transformers, busbars and disconnectors; distribution and power transformers; submarine cables for power and telecommunications, ship wiring cables, cable accessories and a range of cross-linkable compounds for use in cable making and for other industrial applications; propulsion systems, locomotives, a variety of motors, boiler units, current-controlled industrial AC drives, and appliances.

The Company also engages in Distribution and Trading and Research and Development activities.

Divisions and Subsidiaries:

ELECTRONIC SYSTEMS AND COMPONENTS

SYSTEMS

GEC Avionics Ltd. - The Marconi Company Ltd.

Navigation Group
Dynamics Group
Sensors Group
Airborne Radar Group
GEC Avionics Inc., USA
Marconi Command and Control Systems Ltd.
Marconi Defence Systems Ltd.
Marconi Space Systems Ltd.
Marconi Underwater Systems Ltd.
Marconi Radar Systems Ltd.
Marconi Communication Systems Ltd.
Marconi Instruments Ltd.
Easams Ltd.
The Marconi International Marine Co. Ltd.
Canadian Marconi Company (51.6% Ordinary)
Marconi Italiana SpA, Italy
Cincinnati Electronics Corporation, USA
Yarrow Shipbuilders Ltd.
GEC Australia Ltd. (Electronics Group)

COMPONENTS

Marconi Electronic Devices Ltd.
Circuit Technology Inc., USA
English Electric Valve Co. Ltd.
EEV Inc., USA
EEV Canada Ltd.
Salford Electrical Instruments Ltd.
GEC Ceramics Ltd.

TELECOMMUNICATIONS AND BUSINESS SYSTEMS

GEC Plessey Telecommunications Holdings Ltd. (50%-owned)
A.B. Dick Company, USA
Videojet Systems International Inc.
Scriptomatic Inc., USA

AUTOMATION AND CONTROL

GEC Electrical Projects Ltd.
GEC Industrial Controls Ltd.
GEC Automation Projects Inc., USA
W. & T. Avery Ltd.
Avery-Denison Ltd.
Driver Southall Ltd.
Avery Australia Ltd.
Avery New Zealand Ltd.
South African Scale Co. (Pty) Ltd.
Avery-Hardoll Ltd.
PM Services Ltd.
GEC Measurements Ltd.
GEC Meters Ltd.
Satchwell Control Systems Ltd.
GEC Mechanical Handling Ltd.
GEC Traffic Automation Ltd.
GEC Marine & Industrial Gears Ltd.
GEC Australia Ltd. (Automation, Projects and Construction Divisions)
The English Electric Company of India Ltd. (66.7% Ordinary)
(Relays and Control Panels Division)
GEC Composants SA, France
GEC Software Ltd.

MEDICAL EQUIPMENT

Picker International Inc., USA
Picker International Ltd.

POWER GENERATION

The General Electric Company, p.l.c.

GEC Turbine Generators Ltd.
GEC Energy Systems Ltd.
Ruston Gas Turbines, Ltd.
GEC Diesels Ltd.
Ruston Diesels Ltd.
Paxman Diesels Ltd.
Kelvin Diesels Ltd.
Napier Turbochargers Ltd.
Ruston Gas Turbines Inc., USA
GEC Diesels Inc., Canada
GEC Australia Ltd. (Diesels Division)

ELECTRICAL EQUIPMENT

Power Distribution Group
GEC Switchgear Ltd.
GEC Distribution Switchgear Ltd.
GEC Transmission and Distribution Project Ltd.
Vacuum Interrupters Ltd.
GEC Installation Equipment Ltd.
Vynckier NV, Belgium
GEC Transoformers Ltd.
The Micanite & Insulators Company Ltd.
The General Electric Company of India Ltd. (66.7% Ordinary)
The English Electric Company of India Ltd. (66.7% Ordinary)
(Fusegear and Switchgear Division)
GEC Australia Ltd. (Heavy Engineering and Industrial Products Division)
Wire & Cables Group
AEI Cables Ltd.
Power Cables
Rubber and Plastic Cables
F.D. Sims Ltd.
Kent Electric Wire Ltd.
Rodco Ltd. (60% Ordinary)
Vactite Ltd.
GEC Traction Ltd.
GEC Transportation Projects Ltd.
GEC-General Signal Ltd. (50% Ordinary)
GEC Large Machines Ltd.
GEC Small Machines Ltd.
The Express Lift Co. Ltd.
Woods of Colchester Ltd.
GEC Engineering (Accrington) Ltd.
GEC Reinforced Plastics Ltd.
GEC Foundries Ltd.
A.G. Hackney & Co. Ltd.
L. H. Marthinusen (Pvt) Ltd., Zimbabwe
GEC (New Zealand) Ltd.
(Industrial Machines and Power Engineering Divisions)

CONSUMER PRODUCTS

Hotpoint Ltd.
GEC (Radio & Television) Ltd.
Redring Electric Ltd.
Canon Industries Ltd.
GEC-Xpelair Ltd.
OSRAM-GEC Ltd. (51% Ordinary)

Acquisitions:

Gilbarco Inc.
Manufactures and supplies fuel dispensing equipment and related products and services for the motor vehicle fuel retailing industry.

Lear Astronics Corp.
Designs, develops and manufactures advanced flight control syrtems and remotely piloted vehicles.

Developmental Sciences Corp.
Designs, develops and manufactures advanced flight control systems and remotely piloted vehicles.

UDI Group Ltd.
Manufactures sonar equipment and provides underwater television and communications, trenching, cable laying and survey services.

Registrar and Transfer Office:

The General Electric Company, p.l.c.
Coppenhall, Stafford ST18 9BN, England
(0785) 51446

Stock Exchange(s): London

Number of Employees:

1988	157,262	1986	164,536
1987	159,579		

Sales & Earnings

	Net Sales (000's)	Net Income † (000's)
1988	£ 5,553,000	£ 444,900
1987	5,247,000	435,000
1986	5,253,000	453,000
1985	5,222,000	415,000
1984	4,800,000	411,000

	No. of Com. Shares ‡	Earn. per Share + ‡
1988	2,667,780,968	16.9p
1987	2,666,430,170	15.8
1986	2,669,018,702	16.0
1985	N. A.	14.9
1984	N. A.	14.2

N.A. - Not Available.
£ - pound sterling
p - pence
† Including extraordinary items.
+ Excluding extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Electronic syst. & components	£ 2,137,000	£ 1,996,000
Telecommunications & bus. sys.	732,000	762,000
Automation & control	551,000	461,000
Medical equip.	367,000	398,000
Power generation	524,000	569,000
Electrical equip.	734,000	718,000
Consumer prods.	582,000	387,000
Distribution & trading	192,000	202,000
Other	96,000	138,000
Assoc. cos.	263,000	308,000
Total	£ 6,178,000	£ 5,939,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	6.50p	—	—
1987	5.30	—	
1986	4.30	—	—
1985	4.00	—	—
1984	3.45	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	£ 2,715,000	101.8p
1987	2,895,000	108.6
1986	2,614,000	97.9
1985	2,389,000	—
1984	2,239,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Mar. 31	1988	1987
Net sales	£ 5,552,500	£ 5,247,300
Increase (decrease) in stocks	(43,400)	164,900
Work capitalized	28,500	27,300
Other income	41,100	36,400
Total income	£ 5,578,700	£ 5,475,900
Cost of sales	2,002,900	2,068,600
Staff costs	1,846,300	1,768,300
Depreciation	219,500	213,000
Rent exp.	20,900	21,300
Auditors' exp.	3,800	3,500
Other charges	924,600	909,400
Share of profits of assoc. cos.	(15,300)	(14,100)
Inc. from invest.	(3,900)	(1,500)
Interest expense	19,900	14,800
Interest income	(148,000)	(175,800)
Income bef. taxes	£ 708,000	£ 668,400
Income taxes	247,100	235,900
Minority interests	10,100	12,200
Net Income	£ 450,800	£ 420,300
Extraord. items	(5,900)	14,700
Net Income & extraord. items	£ 444,900	£ 435,000

Assets
(000's)

As of Mar. 31	1988	1987
Cash	£ 1,122,800	£ 1,414,400
Investments	392,300	403,300
Accts. receiv., net	1,348,400	1,433,600
*Stocks	1,251,700	1,335,200
Current Assets	£ 4,115,200	£ 4,586,500
Investments	415,200	109,100
#Fixed assets	824,600	828,100
Total Assets	£ 5,355,000	£ 5,523,700

Liabilities
(000's)

	1988	1987
Debenture loans	£ 3,200	£ 3,000
Long-term debt, curr.	111,400	81,800
Payments received	367,500	326,600
Accts. payable	634,200	684,600
Other creditors	81,700	77,500
Amts. owed to assoc. cos.	26,900	25,300
Accruals & deferred inc.	210,600	218,900
Income taxes	283,800	309,300
Other taxes	109,200	107,500
Proposed dividend	125,400	101,300
Curr. Liabilities	£ 1,953,900	£ 1,835,800
Debenture loans	48,200	44,100
Long-term debt	20,300	6,300
Payment received	83,400	78,400
Trade creditors	4,300	5,600
Minority interest	81,000	87,800
Deferred income	36,600	20,700
Deferred inc. taxes	2,500	96,700
Other liabilities	409,600	453,700
+Common stock	133,400	133,300
Add. paid-in cpaital	12,300	9,300
Reserves	4,000	4,000
Profit & loss accts.	2,565,500	2,748,000
Total Liabilities & Shareholders' Equity	£ 5,355,000	$ 5,523,700

* At lower of cost and net realizable value.
# Less accumulated depreciation.
+ 5p par value.

Statistical Summary

%Income bef. Taxes to Sales	12.75	12.74
%Net Income to Sales	8.12	8.01
%Net Income to Equity	16.60	14.52
Sales to Inventories	4.44	3.93
Debt to Equity	0.07	0.05
Working Capital	£2,161,300,000	£2,750,700,000
Current Ratio	2.11	2.50
Shareholders' Equity	£2,715,200,000	£2,894,600,000

General Instrument Corporation

Executive Offices:

767 Fifth Avenue
New York, New York 10153-0082
(212) 207-6200

Administrative Offices:
125 Chubb Avenue
Lyndhurst, New Jersey 07071
(201) 507-3000

Officers: Frank G. Hickey, chairman and chief executive officer; George E. Safiol, president & chief operating officer; Frank M. Drendel, chairman & chief exec.-Comm/Scope, Inc.; Frederick Shuh, sr. v.p.; Christopher F. Sutphin, v.p.; Richard M. Hoffman, v.p., general counsel & secretary; Thomas C. DeFazio, v.p.-finance, chief financial officer & treasurer; Edward R. Kearney, v.p.-investor relations & communications; Stephen A. Davidson, v.p.-personnel & organization; Roger L. Heffernan, v.p.-manufacturing; Richard S. Friedland, v.p. & controller; Harold M. Krisbergh, v.p.; Gary S. Stein, v.p.; Matthew D. Miller, v.p.-technology; Ronald A. Ostertag, v.p., Richard C. Smith, v.p.; Lemuel A. Tarshis, v.p.; Eugene A. Weisberger, v.p..

Directors: Martin C. Barell*, John C. Archibald*, Thomas L. Kempner*, Richard S. Rosenbloom, Richard N. Rosett, Frank G. Hickey*, Joe B. Cordell*, Jacob E. Goldman, Frank M. Drendel, George E. Safiol, Harold Rapaport.

* Member of the Executive Committee

Areas of Work: The Company's major business segments are Broadband Communications, Data Systems and Component Products. Broadband Communiations offers a variety of products and services for the cable television industry, including active and passive electronics subscriber terminals, coaxial cable used in CATV systems, encryption/decryption equipment for the scrambling and descrambling of satellite television programming, and other broadband communications products. The primary products and services of Data Systems are military electronics systems and data processing systems and services for the wagering industry. Component Products include power supplies and discrete semiconductors.

Divisions and Subsidiaries:

Component Products

Computer Products Division
Juarez, Mexico (Headquarters)
El Paso, Texas

Power Semiconductor Division
Hicksville, New York (Headquarters)
Taipei, Taiwan

Broadband Communications

Jerrold Distribution Systems Division
Hatboro, Pennsylvania (Headquarters)
Nogales, Mexico; Tuscon, Arizona
Slough, England
Toronto, Ontario, Canada

Jerrold Subscriber Systems Division
Hatboro, Pennsylvania (Headquarters)
Taipei, Taiwan
Dallas, Texas
Kansas City, Missouri
Matamoros, Mexico

Comm/Scope Division
Hickory, North Carolina (Headquarters)
Catawba, North Carolina

VideoCipher Division
San Diego, California (Headquarters)
Hickory, North Carolina
Barceloneta, Puerto Rico

Data Systems

Worldwide Wagering
Hunt Valley, Maryland, Headquarters
(Headquarters)

AmTote Division
Hunt Valley, Maryland

Lottery Division
Hunt Valley, Maryland

Defense Systems Group

Government Systems Division
Hicksville, New York (Headquarters)
Norfolk, Virginia

Undersea Systems
Westwood, Massachusetts

Northern Scientific Laboratory
Fairfield, New Jersey

Acquisition:

Dalmo Victor
(formerly a division of The Singer Company)
Belmont, California
Grants Pass, Oregon
Designs, develops, manufactures and markets radar threat warning systems and other surveillance systems.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Stock Exchange(s): New York, Midwest, Pacific, London

Ticker Symbol: GRL

Number of Employees:

1989 .... 15,900 1987 16,300
1988 15,400

Plant Footage:

1989 ...... 2,100,000 sq. ft. 1987 2,828,500
1988 2,508,800

Sales & Earnings

	Revenues † (000's)	Net Income (000's)
1989	$ 1,304,733	$ 85,547
1988	1,155,460	66,220
1987	787,862	(80,377)
1986	612,400	(66,543)
1985	727,985	(9,600)

	No. of Com. Shares #	Earn. per Share #
1989	33,567,000	$ 2.55
1988	32,886,000	2.01
1987	32,255,000	—
1986	32,105,000	—
1985	31,851,000	—

(Loss)
† Of continuing operations only.
# Based on the weighted average number of common shares outstanding.

Revenues by Line of Business
(000's)

	1989	1988
Broadband comm.	$ 783,913	$ 763,941
Data systems	220,959	134,909
Component products	299,861	256,610
Total	$ 1,304,733	$ 1,155,460

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	$ 0.44	—	—
1988	0.25	—	
1987	0.25	—	—
1986	0.25	—	—
1985	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 631,976,000	$ 18.63
1988	550,992,000	16.45
1987	467,522,000	14.35
1986	550,387,999	16.98
1985	615,911,750	19.01

Income Account *

Year ended Feb. 28	1989	1988
Revenues	$ 1,304,733,000	$ 1,155,460,000
Cost of sales & services	958,881,000	856,595,000
Expenses	219,564,000	192,064,000
Invest. income	(19,582,000)	(12,376,000)
Interest expense	15,687,000	15,618,000
Other income	(6,764,000)	(4,361,000)
Inc. bef. taxes	$ 136,947,000	$ 107,920,000
Income taxes	51,400,000	41,700,000
Net Income	$ 85,547,000	$ 66,220,000

* Included in Costs and Expenses, Depreciation and Amortization: $83,401,000 in 1988 and $71,895,000 in 1988.

Assets

As of Feb. 28	1989	1988
Cash & temp. invest	$ 277,724,000	$ 257,663,000
Accts. receiv., net	221,691,000	168,200,000
*Inventories	105,992,000	117,940,000
Assets of discont. oper.	—	27,248,000
Deferred inc. taxes	16,985,000	23,194,000
Prepaid expenses	10,886,000	9,106,000
Current Assets	$ 633,278,000	$ 603,351,000
#Fixed assets	251,323,000	206,842,000
Intangibles	232,974,000	136,811,000
Cost in exc. of assets acq.	143,827,000	55,460,000
Other assets	31,745,000	37,686,000
Assets held for sale	16,216,000	53,463,000
Total Assets	$ 1,309,363,000	$ 1,093,613,000

Liabilities

	1989	1988
Accounts payable	$ 123,523,000	$ 103,954,000
Long-term debt	10,000,000	—
Accruals	190,085,000	205,356,000
Income taxes	2,830,000	11,084,000
Curr. Liabilities	$ 326,438,000	$ 320,394,000
Long-term debt	232,500,000	175,000,000
Deferred income taxes	38,773,000	34,845,000
Other liabilities	79,676,000	12,382,000
+Common stock	33,914,000	33,488,000
Add. paid-in capital	239,464,000	230,078,000
Cum. trans. adjust.	1,336,000	1,468,000
Emp. notes for stock purch.	(1,509,000)	(2,145,000)
Retained earnings	358,771,000	288,103,000
Total Liabilities & Shareholders' Equity	$ 1,309,363,000	$ 1,093,613,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1989	1988
%Income bef. Taxes to Revenues	10.50	9.34
%Net Income to Revenues	6.56	5.73
%Net Income to Equity	13.54	12.02
Debt to Equity	0.38	0.32
Working Capital	$ 306,840,000	$ 282,957,000
Current Ratio	1.94	1.88
Shareholders' Equity	$ 631,976,000	$ 550,992,000

General Kinetics Incorporated

12300 Parklawn Drive
Rockville, Maryland 20852-1775
(301) 881-2044

Officers: Thomas L. Herb, chairman; Louis R. Schap, president & chief exec. officer; Stanley J. Sarnowski, sr. v.p.-finance, treasurer & secretary; Hubert W. Brous, v.p.-marketing & sales; Connie N. Rafferty, asst. secretary.

Directors: Thomas L. Herb, chairman; Stanley J. Sarnowski, Louis R. Schap, John B. Gunter, Thomas L. Herb, S. Goran Stackig, Steven A. Rogers, John B. Gunter, David L. Cohn.

Areas of Work: Manufactures, sells and rents magnetic tape equipment; engaged in the development of secure communications equipment and encryption devices; also manufactures electronic enclosures, sheet metal components, and food testing and processing systems.

Divisions:

GKI Media Division
12300 Parklawn Drive
Rockville, Maryland 20852
(301) 881-2044
Provides equipment and service for testing, winding, degaussing and certifying magnetic tape (including high-density tape) and other magnetic media.

Allo Metal Products Division
110 Sunray Drive
Johnstown, Pennsylvania 15905
(814) 255-6891
Designs, manufactures, and sells specialty metal products such as environmental enclosures and rack mounting systems for the installation of communications electronics.

11205 Satellite Boulevard
Orlando, Florida 32821
(407) 859-2040

Subsidiaries:

Food Technology Corporation
12300 Parklawn Drive
Rockville, Maryland 20852
(301) 881-2044
Manufactures testing, quality-control and automated processing equipment for the food and related industries.

Cryptek, Inc.
480 Spring Park Place
Suite 1000
Herndon, Virginia 22070
(703) 478-9444
Engaged in developing secure communications equipment and encryption devices for the TEMPEST marketplace.

Transfer Agent(s):

Maryland National Bank
B&O Building, 4th floor
Baltimore & Charles Streets
Baltimore, Maryland 21202

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GKIE (NASDAQ)

Number of Employees:

1988	N.A.	1985	201
1987	200	1984	162
1986	202		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 7,034,839	$ (855,576)
1987	10,430,235	564,278
1986	10,402,570	520,275
1985	10,030,744	955,228
1984	8,004,766	(52,126)

	No. of Com. Shares	Earn. per Share ‡ #
1988	904,927	$ —
1987	911,927	0.62
1986	930,427	0.57
1985	869,427	1.13
1984	800,439	—

(Loss)
‡ Including extraordinary gain of $155,099 ($0.18 per share) in 1985.
# Based on the weighted average number of shares outstanding.

Revenues by Line of Business

	1988	1987
Media services	$ 987,948	$ 787,215
Metal products	5,554,544	9,074,962
Food technology	492,347	568,058
Total	$ 7,034,839	$ 10,430,235

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 2,497,887	$ 2.76
1987	3,362,119	3.69
1986	2,868,441	3.08
1985	2,322,304	2.67
1984	1,351,972	1.68

Income Account *

Year ended May 31	1988	1987
Net sales	$ 7,034,839	$ 10,430,235
Cost of sales	5,548,516	7,468,329
Expenses	2,849,611	1,670,813
Interest expense	115,041	108,767
Other expense	82,361	105,314
Inc. (loss) bef. taxes	$ (1,560,690)	$ 1,077,012
Income taxes (credit)	(705,114)	512,734
Net Income (Loss)	$ (855,576)	$ 564,278

* Included in Costs and Expenses, Depreciation and Amortization: $276,361 in 1988 and $250,582 in 1987.

Assets

As of May 31	1988	1987
Cash	$ 108,529	$ 803,346
Accts. receiv., trade	998,626	1,885,324
*Inventories	1,745,947	1,427,584
Refund. inc. taxes	705,114	—
Prepaid expenses & other receiv.	70,097	44,431
Current Assets	$ 3,628,313	$ 4,160,685
#Fixed assets	1,737,270	1,706,130
Other assets	152,450	96,227
Total Assets	$ 5,518,033	$ 5,963,042

Liabilities

Demand notes pay.	$ 700,000	$ —
Long-term debt, curr.	198,733	215,602
Accts. payable	431,736	527,046
Accrued payroll	159,620	116,055
Accrued vacations	205,811	192,739
Other accruals	170,746	286,498
Curr. Liabilities	$ 1,866,646	$ 1,337,940
Long-term debt	797,771	994,553
Accrued vacations	164,415	143,761
Other liab.	191,314	124,669
+Common stock	275,436	275,436
Add. paid-in capital	1,201,767	1,201,767
Retained earnings	1,310,586	2,166,162
Treasury stock	(289,902)	(281,246)
Total Liabilities & Shareholders' Equity	$ 5,518,033	$ 5,963,042

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	10.33
%Net Income to Sales	—	5.41
%Net Income to Equity	—	16.78
Sales to Inventories	4.03	7.31
Debt to Equity	0.68	0.36
Working Capital	$ 1,761,667	$ 2,822,745
Current Ratio	1.94	3.11
Shareholders' Equity	$ 2,497,887	$ 3,362,119

General Microwave Corporation

5500 New Horizons Boulevard
Amityville, New York 11701
(516) 226-8900

Officers: Frederick Zissu, chairman of the board; Sherman A. Rinkel, president; Bernard Grand, v.p.-engineering; Howard Cohen, v.p.-manufacturing; Moe Wind, sr. v.p., treasurer & asst. secretary; Joe P. Schindler, v.p.-marketing; Michael Stolzar, secretary & asst. treasurer; Eliezer Jaselsohn, v.p. & gen. mgr.-General Microwave Israel (1987) Ltd.; Michael Lioz, pres.-General Microcircuits Corporation.

Directors: Frederick Zissu, chairman; Winton Charlop, Sherman A. Rinkel, Moe Wind, Edmond D. Franco, Leo C. Cunniff, Arthur D. Friedman.

Areas of Work: The Company designs, manufactures, and sells microwave measuring and control component devices for use in radar systems and in point-to-point communication as used in aircraft, air traffic control, missiles and telephone and telemetry systems, as-well as its own line of precision measuring and testing equipment for use in laboratories and production lines by manufacturers of microwave components and systems.

Division:

Microwave Division
Amityville, New York
Develops and manufactures PIN diode products, RF power measuring equipment, and radiation detectors.

Subsidiaries:

Micro-El Patent Corporation
Wilmington, Delaware

General Microwave Foreign Sales Corporation
Amityville, New York

General Microwave Israel Corporation
Jerusalem, Israel

General Microcircuits Corp. (80% owned)
Billerica, Massachusetts
Development and manufacture of high reliability hybrid circuits and thin-film resistor networks, largely for military applications.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: GMW

Number of Employees:

1988	304	1985	270
1987	351	1984	210
1986	N.A.		

N.A. - Not Available.

Plant Footage:

1988 . . . . 80,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1989	$ 18,784,362	(560,756)
1988	20,769,012	888,648
1987	20,496,612	817,593
1986	16,003,097	1,414,757
1985	13,480,960	1,620,832

	No. of Com. Shares ‡	Earn. per Share ‡
1989	1,399,457	$ —
1988	1,444,645	0.62
1987	1,485,989	0.55
1986	1,474,980	0.96
1985	1,472,737	1.10

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	$ —	—	—
1988	—	—	
1987	0.10	—	—
1986	0.10	5% & 5%	—
1985	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 13,673,438	$ 9.77
1988	14,359,940	9.94
1987	14,175,974	9.54
1986	13,453,393	9.12
1985	12,008,744	8.15

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Income Account*

Year ended Feb. 28	1989	1988
Net sales	$ 18,784,362	$ 20,769,012
Cost of sales	12,916,360	13,401,209
Expenses	6,055,767	5,590,644
Interest expense	585,548	593,421
Other income	(112,017)	(180,710)
Inc. (loss) bef. taxes	$ (661,296)	$ 1,364,448
Income taxes (credit)	(100,540)	475,800
Net Income (Loss)	$ (560,756)	$ 888,648

* Included in Costs and Expenses, Depreciation and Amortization: $1,262,503 in 1989 and $1,201,572 in 1988.

Assets

As of Feb. 28	1989	1988
Cash and cash equivalent	$ 196,591	$ 533,523
Accts. receiv., net	5,741,781	6,215,372
*Inventories	6,675,290	5,180,875
Prepaid expenses	332,585	1,039,057
Refund. inc. taxes	227,570	186,104
Current Assets	$ 13,173,817	$ 13,154,931
Investments	2,635,229	2,575,943
#Fixed assets	9,311,280	9,708,364
Debt issu. costs	221,702	242,570
Deferred costs	260,509	385,544
Deferred inc. tax benefit	150,821	188,205
Intangibles	55,754	66,637
Other assets	43,354	36,316
Total Assets	$ 25,852,466	$ 26,358,510

Liabilities

Notes payable	$ 1,325,984	$ 1,651,895
Long-term debt, curr.	300,000	300,000
Accts. payable	1,387,934	811,937
Accruals	1,044,407	819,251
Deferred income tax	—	446,053
Curr. Liabilities	$ 4,058,325	$ 4,029,136
Long-term debt	7,300,000	7,275,000
Deferred inc. taxes	820,703	677,157
Other liab.	—	17,277
+Common stock	15,864	15,863
Add. paid-in capital	9,054,541	9,053,950
Retained earnings	5,727,226	6,287,982
Unrealized loss in eq. secur.	(207,697)	(81,500)
Treasury stock	(916,496)	(916,355)
Total Liabilities & Shareholders' Equity	$ 25,852,466	$ 26,358,510

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.57
%Net Income to Sales	—	4.28
%Net Income to Equity	—	6.19
Sales to Inventories	2.81	4.01
Debt to Equity	0.65	0.64
Working Capital	$ 9,115,492	$ 9,125,795
Current Ratio	3.25	3.26
Shareholders' Equity	$ 13,673,438	$ 14,359,940

General Motors Corporation

3044 West Grand Boulevard
Detroit, Michigan 48202
(313) 556-5000

General Motors Building
767 Fifth Avenue
New York, New York 10153
(212) 486-5000

Officers: Roger B. Smith, chairman & chief executive officer; Robert C. Stempel, president & chief operating officer; Donald J. Atwood, vice chairman; Lloyd E. Reuss, exec. v.p.-North American automotive operations; Robert T. O'Connell, exec. v.p.-Finance Group, GMAC & chief financial officer; F. Alan Smith, exec. v.p.-operating & public affairs staff groups; Robert J. Schultz, exec. v.p.-EDS, GM Hughes Electronics & Technical Staffs Groups; William E. Hoglund, exec. v.p.-Automotive Components, Power Products and Defense Groups; John F. Smith, Jr., exec. v.p.-international operations; John D. Debbink, v.p.-Power Products and Defense Operations Group; Robert J. Eaton, v.p. & president-General Motors Europe; J.T. Battenberg, III, v.p.-Buick, Oldsmobile, Cadillac Group; Charles Katko, v.p.-Operating Staffs Group; E. Michael Mutchler, v.p.-Chevrolet, Pontiac, GM of Canada Group; W. Blair Thompson, v.p.-Automotive Components Groups; Marina v.N. Whitman, v.p.-Public Affairs Staffs Group; Betsy Ancker-Johnson, v.p.-environmental activities staff; W. Gordon Binns, Jr., v.p. & chief investment funds officer; Barton Brown, v.p.-Asian and Pacific operations; Robert D. Burger, v.p. & gen. mgr.-Chevrolet Motor Division; David D. Campbell, v.p. & group dir.-operations, Chevrolet, Pontiac, GM of Canada Group; Patrick J. Coletta, v.p. & group dir.-truck & bus operations; Gary W. Dickinson, v.p.-technical staff groups; George C. Eads, v.p.-economics staff & chief economist; Robert A. Frosch, v.p.-research laboratories; John O. Grettenberger, v.p. & gen. mgr.-Cadillac Motor Car Division; Ronald H. Haas, v.p.-current engineering and manufacturing services staff; Donald E. Hackworth, v.p. & product mgr.-Lansing Automotive Division; James D. Johnston, v.p.-industry-government relations; Charles M. Jordan, v.p.-design staff; William W. Lane, v.p. & gen. mgr.-Oldsmobile Division; 5Richard G. LeFauve, v.p. & president-Saturn Corporation; J. Michael Losh, v.p. & gen. mgr.-Pontiac Motor Division; John W. McNulty, v.p.-public relations staff; Edward H. Mertz, v.p. & gen. mgr.-Buick Motor Division; John G. Middlebrook, v.p.-marketing and product planning staff; Claude N. Moore, v.p.-customer sales and service staff; Arvin F. Mueller, v.p. & group dir.-engineering, Chevrolet, Pontiac, GM of Canada Group; Donald A. Pais, v.p.-materials management staff; George A. Peapples, president & gen. mgr.-General Motors of Canada Ltd.; Harry J. Pearce, v.p. & general counsel; Edward P. Czapor, v.p.-quality and reliability; Lewis B. Campbell, v.p. & mgr.-Flint Automotive Division; Robert B. Stone, v.p.-Latin American operations & managing dir.-General Motors do Brasil; John W. Jarrell, v.p. & gen. mgr.-Electro-Motive Division; Clifford J. Vaughan, v.p.-Truck & Bus Group; Alfred S. Warren, Jr., v.p.-industrial relations staff; Richard F. O'Brien, v.p.-personnel administration & development staff; James F. Waters, Jr., v.p.-Latin American operations; John E. Rhame, v.p.-international export, African, and Mideast operations; Paul H. Zalecki, v.p., office of the general counsel & secretary; Donald L. Runkle, v.p.-advanced engineering staff; Shirley Young, v.p.-consumer market development; Leon J. Krain, treasurer; John E. Mischi, comptroller.

Directors: Robert B. Smith, chairman; Anne L. Armstrong, Donald J. Atwood, James H. Evans, Walter A. Fallon, Charles T. Fisher, III, Marvin L. Goldberger, Edmund T. Pratt, Jr., Lloyd E. Reuss, James D. Robinson, III, John G. Smale, F. Alan Smith, Robert C. Stempel, Leon H. Sullivan, Dennis Weatherstone, Thomas H. Wyman, Thomas E. Everhart, George P. Shultz.

Areas of Work: Operations are classified into three segments: automotive products, defense products, and other nonautomotive products. The automotive segment consists of the design, manufacture, assembly and sale of automobiles, trucks and related parts and accessories. The defense products segment includes military vehicles, radar and weapon control systems, guided missile systems, and defense satellites. The other nonautomotive products segment consists of the design, installation and operation of business information and telecommunication systems, as well as the design, development and manufacture of locomotives; engines for drilling, marine and stationary applications; commercial satellites; and specialized automated production and test equipment.

Electronic and Related Divisions:

AC Spark Plug
Flint, Michigan
Spark plugs; oil filters; instrument panels; fuel pumps; fuel filters; air cleaners; emission control systems; cruise control systems.

Delco Electronics
Kokomo, Indiana
Automotive electronics; entertainment systems; heater-air conditioning controls; military electronics; semiconductor devices; analog and digital systems; integrated circuits.

Delco Systems Operations
Santa Barbara, California
Military electronics; navigation and control systems and components for aircraft, defense, spacecraft, and commercial vehicles

Delco Moraine
Dayton, Ohio
Automotive brake systems; engine bearings; powdered metal products; automatic transmission components.

Harrison Radiator
Lockport, New York
Car and truck radiators, defrosters, heaters, thermostats and air-conditioners; heat exchangers.

Packard Electric
Warren, Ohio
Automotive, appliance, marine and farm equipment, wiring systems and components; fiber optics; magnetic wire.

Delco Products
Dayton, Ohio

Shock absorbers; windshield wiper systems; energy-actuators; bumper devices; automotive electric motors and actuators; fan clutches; emission control devices; industrial and hermetic motors and generators.

Delco Remy
Anderson, Indiana

Starting, generating and ignition systems switches; vacuum controls; batteries for passenger cars, trucks, buses, farm tractors and off-highway equipment.

Electronic Data Systems Corporation

Development of computer software that controls automated manufacturing systems; integration and updating of information management and telecommunication systems; military personnel identification and tracking systems.

Fisher Guide
Anderson, Indiana

Car, truck and tractor lamps; mirrors, finished die castings; molded plastic parts; lighting controls; stampings.

Rochester Products
Rochester, New York

Carburetors; steel tubing; cigarette lighters; locks, keys; emission control devices; diverter valves; fuel injectors; hydraulic and mechanical valve lifters; jet fuel nozzles; cold formed precision parts.

G.M. Hughes Electronics Corporation

Provides a broad array of advanced electronic components and systems to the automotive, military and space industries. Some of these are weapons control systems, radar systems, commercial and military communications satellites, automated manufacturing and test equipment, weapon delivery systems, large-scale integrated circuits, image sensing, storage and display devices.

Stock Transfer Offices:

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

National Trust Company Limited
21 King Street, East
Toronto, Ontario M5C 1B3, Canada

National Trust Company Limited
1350 Sherbrooke Street, West
Montreal, Quebec H3G 1J1, Canada

Stock Exchange(s): New York, Boston, Cincinnati, Midwest, Philadelphia, Pacific, Montreal, Toronto, Tokyo

Ticker Symbol: GM

Number of Employees:

1988	766,000
1987	813,000
1986	876,000
1985**	811,000
1984	748,000

** Figure excludes G. M. Hughes Electronics Corporation.

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 110,228,500	$ 4,856,300
1987	101,781,900	3,550,900
1986	102,813,700	2,944,700
1985	96,371,700	3,999,000
1984	83,889,900	4,516,500

	No. of Com. Shares ‡ +	Earn. per Shares ‡ +
1988	615,700,000	$ 7.17
1987	631,500,000	5.03
1986	635,300,000	4.11
1985	632,600,000	6.14
1984	630,700,000	7.14

+ Based on the $1 2/3 par value common stock.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 2.50	—	2-for-1
1987	2.50	—	
1986	2.50	—	—
1985	2.50	—	—
1984	2.38	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share #
1988	$ 35,435,300	$ 57.55
1987	32,988,700	52.24
1986	30,443,600	47.92
1985	29,274,000	46.28
1984	23,958,700	37.99

‡ After allowing for preferred stock at stated value.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 110,228,500	$ 101,781,900
Cost of sales	93,402,800	87,204,400
Expenses	6,655,300	5,896,100
Depreciation & amortization	5,495,600	6,112,000
Other expense (income)	(226,200)	564,000
Income bef. taxes	$ 4,901,000	$ 2,005,400
Income taxes (credit)	1,492,500	(59,900)
Minority interest	(1,223,600)	(1,485,600)
Cum. effect of acct. change	(224,200)	—
Net Income	$ 4,856,300	$ 3,550,900

Assets
(000's)

As of Dec. 31	1988	1987
Cash & market. securities	$ 6,836,700	$ 4,706,400
Accts. & notes receiv., net	21,079,600	22,194,100
*Inventories	7,984,300	7,939,700
Contracts in process	2,035,400	1,756,000
Prepaid expenses	1,821,500	1,123,200
Current Assets	$ 39,757,500	$ 37,719,400
Eq. in assets of nonconsol. subsid.	8,331,800	7,977,000
Other invest. & assets	5,514,200	4,498,700
#Fixed assets	31,832,400	32,040,400
Intangibles	5,134,900	5,186,400
Total Assets	$ 90,570,800	$ 87,421,900

Liabilities
(000's)

Accounts payable	$ 7,750,200	$ 7,087,800
Loans payable	1,930,900	2,878,700
Inc. taxes payable	157,400	376,000
Accruals & def. inc. taxes	13,442,300	14,327,200
Curr. Liabilities	$ 23,280,800	$ 24,669,700
Long-term debt	4,243,100	3,949,300
Payable to GMAC	14,840,000	13,981,000
Capitalized leases	292,600	364,100
Other liabilities	10,543,400	9,087,900
Deferred credits	1,699,200	2,144,800
+Preferred stock	234,400	234,400
+++Preference stock	2,000	2,000
++Common stock	510,700	521,100
+++Class E Common stock	5,100	5,200
+++Class H Common stock	12,800	6,500
Add. paid-in capital	6,235,200	6,764,600
Retained earnings	28,970,500	25,771,700
For. curr. trans.	(299,000)	(80,400)
Total Liabilities & Shareholders' Equity	$ 90,570,800	$ 87,421,900

* At lower of cost (domestic inventories at LIFO; foreign and GMHE at FIFO or average) or market.
# Less accumulated depreciation.
‡ Less accumulated amortization.
+ No par value, $100 stated value.
++ $1 2/3 par value.
+++ $0.10 par value.

Statistical Summary

%Income before Taxes to Sales	4.45	1.97
Net Income to Sales	4.41	3.49
%Net Income to Equity	13.61	10.69
Debt to Equity	0.13	0.37
Working Capital (000's)	$ 16,476,700	$ 13,049,700
Current Ratio	1.71	1.53
Shareholders' Equity (000's)	$ 35,671,700	$ 33,225,100

General Signal Corporation

High Ridge Park
Box 10010
Stamford, Connecticut 06904
(203) 357-8800

Officers: Edmund M. Carpenter, chairman & chief executive officer; John E. Halter, sr. vice president-operations; Joel S. Friedman, sr. v.p.-operations; Peter A. Laing, sr. v.p.-operations; Edgar J. Smith, Jr., v.p., secretary & general counsel; Theodore J. Wiedemann, sr. v.p.-administration; J. Robert Hipps, v.p. & controller; Michael R. Jacqmin, v.p. & treasurer; Erwin Kantor, v.p.-taxes; George Falconer, v.p.-human resources; Nino J. Fernandez, v.p.-investor relations.

Directors: Edmund M. Carpenter*, chairman; Nathan R. Owen*, John P. Horgan*, Reginald H. Jones*, Ralph E. Bailey, N. Bruce Hannay, Robert A. Plane, Ronald E. Ferguson, John R. Selby, Roland W. Schmitt.

* Member of the Executive Committee

Electronic Controls & Systems

Products include equipment for each major segment of semiconductor manufacture, from crystal-growing furnaces, and wafer polishers, through deposition and spin-brake equipment, wafer steppers, washer and dicing systems, to testing and packaging equipment. For the telecommunications industry, products include voice, data, digital microwave radio, and fiber optic signal processing and transmission equipment, test and measurement systems, central office power sources, and land-based mobile radio systems. For the process industries, products include centrifugal and wastewater pumps, high vacuum pumps, industrial valves, computer-directed central control systems, distributed control systems, electronic instrumentation, and electronically controlled feeders and scales. Products for electric utilities include management systems, coal metering equipment, boiler and scrubber controls, and remote-controlled radioactive-waste handling systems. For railroad systems, products include highly engineered systems and controls, including cab, wayside and centralized traffic control components and systems and push-button interlocking controls. For bus mass transit, products include central control systems and electronic fareboxes. For civil and defense air traffic control and nagivation, included are radar nagivation, identification and ground weather monitoring systems. Shipboard communication systems and propulsion controls are provided to the marine industry; power conditioning equipment is produced for numerous markets to safeguard vital or sensitive electronic equipment.

Electrical Controls & Equipment
Products for the construction market include such electrical controls and components for power distribution as transformer and switchgear, fire protection and building signaling systems, electric metering equipment, and automatic time recording and parking lot control systems. For the cogeneration and refining fields, self-contained unitized powerhouses are manufactured. Hazardous-location power distribution equipment is produced for the petroleum industry, and heat processing equipment is manufactured for the primary and fabricated metals and electronics industries.

Fluid Controls & Equipment
Products include specialty, telemetry, and supervisory control systems, valves and actuators, mechanical mixers, and aerators; centrifugal, turbine, high-vacuum, and wastewater pumps; instruments for measuring pressure, flow, and temperature; biological and waste-treatment systems; specialty air pollution control equipment; and corrosion control materials manufactured for the chemical, petrochemical, petroleum, food and beverage, primary and fabricated metals, pulp and paper, industrial and municipal water and waste-water processing, agriculture and construction indusries. For the railroad industry, pneumatic and hydraulic braking systems and related controls are manufactured. Such control products as hydraulic gear pumps and directional control valves, piston pumps and motors, hydrostatic transmissions, advanced fluid power systems, and cold-forged components for vehicular steering and suspension are manufactured for the heavy-duty mobile construction, aerospace and defense, mining, materials-handling, agricultural, auto and truck markets.

Divisions and Subsidiaries:

Axel Electronics
Jamaica, New York

General Railway Signal
Rochester, New York

Henschel
Newburyport, Massachusetts

Edwards
Farmington, Connecticut

O-Z/Gedney
Terryville, Connecticut

Kinney Vacuum Company
Canton, Massachusetts

DeZurik
Sartell, Minnesota

Mixing Equipment Company
Rochester, New York

Metal Forge
Columbus, Ohio

GS Electric
Carlisle, Pennsylvania

New York Air Brake
Watertown, New York

Kayex
Rochester, New York

Stock Equipment Company
Chagrin Falls, Ohio

Advanced Mechanization, Inc.
Horsham, Pennsylvania

General Signal Thinfilm Company
Fremont, California

Leeds & Northrup Instruments
Leeds & Northrup International
Leeds & Northrup Systems
all at:
North Wales, Pennsylvania

Semiconductor Systems, Inc.
Fremont, California

Telecommunications Technology, Inc.
Milpitas, California

Aurora Pump
North Aurora, Illinois

Hevi-Duty Electric
Goldsboro, North Carolina

Lindberg
Blue Island, Illinois

Sola Electric
Elk Grove Village, Illinois

Xynetics
Santa Clara, California

Tau-tron
Westford, Massachusetts

Ultratech Stepper
Santa Clara, California

Dielectric Communications
Raymond, Maine

Drytek
Wilmington, Massachusetts

Telenex
Mt. Laurel, New Jersey

GCA Corporation

Designs, manufactures and markets highly automated capital equipment to integrated circuit manufacturers, and manufactures and markets related precision optical systems and lenses.

Acquisitions:

Turbo-Mueller
West Germany
Manufactures mixing equipment.

Hydromatic Pumps
Manufactures pumps and pump accessories.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: GSX

Number of Employees:

1988	19,082	1985	22,312
1987	19,126	1984	24,129
1986	20,180		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 1,760,209	$ 25,198
1987	1,603,026	69,378
1986	1,583,368	74,622
1985	1,800,878	49,267
1984	1,786,883	108,510

	No. of Com. Shares #	Earn. per Share #
1988	27,709,000	$ 0.91
1987	28,239,000	2.46
1986	28,730,000	2.60
1985	28,706,000	1.72
1984	28,568,000	3.80

# Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Process Controls	$ 637,251	$ 589,465
Technology industries	444,582	297,382
Electrical Controls	386,592	350,563
Transportation Controls	271,348	286,456
Dispositions	20,436	79,160
Total	$ 1,760,209	$ 1,603,026

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.80	—	—
1987	1.80	—	
1986	1.80	—	—
1985	1.80	—	—
1984	1.71	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 461,046,000	$ 24.19
1987	907,151,000	33.02
1986	927,354,000	32.33
1985	903,989,000	31.47
1984	901,703,000	31.53

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 1,760,209	$ 1,603,026
Cost of sales	1,266,701	1,151,503
Expenses	418,569	356,022
Write-off of intangibles	58,149	—
Interest income	(14,272)	(9,384)
Interest expense	12,354	8,023
Net gain on dispos.	(34,067)	—
Income before taxes	$ 52,775	$ 96,862
Income taxes	27,577	27,484
Net Income	$ 25,198	$ 69,378

* Included in Costs and Expenses, Depreciation and Amortization: $61,791,000 in 1988 and $63,246,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cert. of deposit	$ 81,352	$ 82,929
Short-term invest.	27,162	13,060
Accts. receiv., net	360,574	330,816
Contracts in progress	38,260	49,951
*Inventories	372,823	343,064
Prepaid expenses	11,799	47,928
Current Assets	$ 891,970	$ 867,748
#Fixed assets	312,463	310,647
Intangibles	131,267	165,079
Other assets	60,900	53,923
Total Assets	$ 1,396,600	$ 1,397,397

Liabilities
(000's)

	1988	1987
Short-term borrowings & long-term debt, curr.	$ 11,564	$ 7,039
Accts. payable	133,778	105,825
Accruals	173,961	133,022
Income taxes	76,321	81,092
Curr. Liabilities	$ 395,624	$ 326,978

Long-term debt	491,739	110,452
Other liabilities	12,294	14,373
Deferred income taxes	35,897	38,443
+Common stock	41,842	40,692
Add. paid-in capital	295,916	236,818
Retained earnings	705,226	731,000
Foreign currency translation adj.	(2,062)	(12,662)
Treasury stock	(579,876)	(88,697)
Total Liabilities & Shareholders' Equity	$ 1,396,600	$ 1,397,397

* At lower of cost or market. Certain domestic inventories at LIFO; remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.00	6.04
%Net Income to Sale	1.43	4.33
%Net Income to Equity	5.47	7.65
Sales to Inventories	4.72	4.67
Debt to Equity	1.09	0.13
Working Capital	$ 496,346,000	$ 540,770,000
Current Ratio	2.25	2.65
Shareholders' Equity	$ 461,046,000	$ 907,151,000

Genicom Corporation

Genicom Drive
Waynesboro, Virginia 22980
(703) 949-1000

Officers: Don E. Ackerman, chairman; Curtis W. Powell, president & chief exec. officer; John V. Harker, exec. v.p.; Kenneth E. Hendrickson, exec. v.p.-Printer Products Division; Frederick C. Young, v.p. & chief financial officer; Charles A. Ford, v.p. & gen. mgr.-Relay Products Division; Craig J. Ringuette, v.p.-marketing; Raymond A. Rosewall, v.p.-manufacturing; Edwin V. Breese, v.p.-human resources; Raymond D. Stapleton, v.p. & gen. mgr.-Field Service Division; James B. Towell, v.p.-sales; James A. Jones, corp. controller; Martin P. Yecies, treasurer.

Directors: Don E. Ackerman, chairman; Curtis W. Powell, Bruce K. Anderson, John V. Harker, Kenneth E. Hendrickson.

Areas of Work: Designs, manufactures and markets a wide range of medium to high performance computer printers for general business applications. Also produces hermetically sealed electromechanical relays used in aerospace, defense, automatic test equipment and other applications which require high product quality and reliability.

Divisions:

Printer Products Division
Relay Products Division
Field Service Division
International Division

Subsidiaries:

Datacom de Mexico, S.A. de C.V.
Reynosa, Mexico

Genicom International Ltd.
Farnborough, England

Genicom Canada, Inc.
Toronto, Canada

Genicom Ltd.
Farnborough, England

Genicom S.A.
Velizy, France

Genicom S.p.A.
Milan, Italy

Genicom GmbH
Eschborn, West Germany

Genicom (Australia) Pty. Ltd.
Chatswood, Australia

Transfer Agent(s):

Sovran Bank, N.A.
Eighth & Main Streets
Suite 325
Richmond, Virginia 23219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GECM (NASDAQ)

Number of Employees:

1988	3,692	1986	2,507
1987	3,587		

Plant Footage:

1988	992,000 sq. ft.	1986	688,000
1987	887,000		

Sales & Earnings

	Revenues	Net Income
1988	$ 291,429,000	$ 5,304,000
1987*	302,151,000	12,555,000
1986	157,463,000	8,608,000
1985	126,456,000	1,805,000
1984	136,661,000	6,090,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	11,582,000	$ 0.46
1987*	11,555,000	1.09
1986	10,414,000	0.83
1985	9,246,000	0.20
1984	6,862,000	0.89

* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1988	1987
Printer sales	$ 172,400,000	$ 190,100,000
Customer service rel. activities	101,500,000	94,800,000
Relay sales	17,500,000	17,200,000
Total	$ 291,400,000	$ 302,100,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 61,565,000	$ 5.32
1987	58,510,000	5.06
1986	45,664,000	4.38
1985	18,735,000	2.03
1984	15,135,000	2.21

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	1/1/89 (53 weeks)	1/3/88
Sales of products	$ 251,981	$ 268,141
Lease & service	39,448	34,010
Total income	$ 291,429	$ 302,151
Cost of revenues	210,183	208,123
Selling, gen. & adm. exp.	54,624	48,054
Eng., research & product develop. exp.	14,202	14,931
Interest expense	13,376	11,866
Income (loss) bef. taxes	$ (956)	$ 19,177
Income taxes (credit)	(1,960)	8,640
Cum. effect of change in accntng. meth.	(4,300)	(2,018)
Net Income	$ 5,304	$ 12,555

* Included in Costs and Expenses, Depreciation and Amortization: $14,524,000 in 1988 and $12,262,000 in 1987.

Assets
(000's)

As of	1/1/89	1/3/88
Cash	$ 1,826	$ 5,909
Accts. receiv., net	61,601	72,874
*Inventories	88,154	80,854
Prepaid expenses	7,332	3,805
Current Assets	$ 158,913	$ 163,442
#Fixed assets	41,400	42,789
Goodwill	13,658	13,460
Other assets	9,938	8,837
Total Assets	$ 223,909	$ 228,528

Liabilities
(000's)

Long-term debt, curr.	$ 1,942	$ 2,963
Accts. payable & accruals	45,753	48,323
Deferred income	6,338	6,295
Curr. Liabilities	$ 54,033	$ 57,581
Long-term debt	106,173	106,035
Deferred inc. taxes	2,138	6,402
+ Common stock	111	115
Add. paid-in capital	27,361	29,606
Retained earnings	34,093	28,789
Total Liabilities & Shareholder's Equity	$ 223,909	$ 228,528

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.15
%Net Income to Sales	2.10	4.68
%Net Income to Equity	8.62	21.46
Sales to Inventories	2.86	3.32
Debt to Equity	1.76	1.86
Working Capital	$ 104,880,000	$ 105,861,000
Current Ratio	2.94	2.84
Shareholders' Equity	$ 61,565,000	$ 58,510,000

Genisco Technology Corporation

18435 Susana Road
Rancho Dominguez, California 90221
(714) 523-7001

Officers: Phillip G. Halamandaris, president & chief exec. officer; Richard P. Shively, v.p. & president-Peripheral Systems Division; John A. Calfas, secretary; David A. Phipps, asst. secretary.

Directors: Alan J. Brown, Donn L. Williams, Walter E. Lotz, Jr., Wendell B. Sell, Phillip G. Halamandaris, Robert N. Parker.

Areas of Work: Manufactures computer memory products, computer graphics displays, and electronic components for the aerospace, military, energy, telecommunications, process control and other computer-based industries.

Divisions:

Electronics Division
18435 Susana Road
Rancho Dominguez, California 90221
(213) 537-4750

Manufactures Eldema indicator lights, EMI filter products, transducers and rotating test equipment; performs electromagnetic interference testing.

Peripheral Systems Division
10874 Hope Street
Cypress, California 90630
(714) 220-0720

Manufactures ruggedized cartridge tape and disk peripherals and computer graphics and imaging display systems.

Subsidiaries:

Genisco Computers Corporation
3545 Cadillac Avenue
Costa Mesa, California 92626
(714) 556-4916

Genisco Computers GmbH
Genisco Computers Ltd.

Transfer Agent(s):

Security Pacific National Bank
561 South Spring Street
Los Angeles, California 90054

Stock Exchange(s): American

Ticker Symbol: GES

Number of Employees:

1987	388
1986	456
1985	446
1984	422
1983	445

Plant Footage:

1987	178,000 sq. ft.
1986	226,000
1985	240,000
1984	240,000
1983	240,000

Sales & Earnings

	Net Sales †	Net Income
1987	$ 38,910,516	$ (2,143,240)
1986	40,264,576	292,844
1985	36,467,502	139,396
1984	33,900,971	(1,017,198)
1983	30,196,167	1,006,762

	No. of Com. Shares	Earn. per Share #‡
1987	2,671,766	$ —
1986	2,669,406	0.11
1985	2,667,391	0.05
1984	2,657,941	—
1983	2,638,969	0.40

(Loss)
† Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1987	1986
Computer graphic displays	$ 25,700	$ 26,683
Electronics	13,044	13,451
Other income	167	131
Total	$ 38,911	$ 40,265

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 13,798,930	$ 5.16
1986	15,804,600	5.92
1985	15,472,601	5.80
1984	15,272,506	5.75
1983	16,311,859	6.18

+ Adjusted to reflect stock split.

Income Account*

Year ended Sept. 30		
Net sales	$ 38,910,516	$ 40,264,576
Cost of sales	29,796,782	28,406,254
Expenses	8,823,881	10,634,129
Interest expense	682,526	766,660
Contract termination costs	1,840,772	—
Restructure costs	156,000	—
Income (loss) before taxes	$ (2,389,445)	$ 457,533
Income taxes (credit)	(246,205)	164,689
Net Income (loss)	$ (2,143,240)	$ 292,844

* Included in Costs and Expenses, Depreciation and Amortization: $1,694,999 in 1987 and $1,892,447 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 45,580	$ 605,647
Short-term invest.	—	1,000,000
Accts. receiv, net	11,093,789	11,764,319
Income taxes receiv.	221,741	32,927
*Inventories	9,927,766	8,707,174
Prepaid expenses	813,971	695,293
Property held for sale	1,180,578	—
Current Assets	$ 23,283,425	$ 22,805,360
#Fixed assets	3,368,167	4,947,335
Other assets	2,562,765	2,346,893
Total Assets	$ 29,214,357	$ 30,099,588

Liabilities

Long-term debt, curr.	$ 5,905,009	$ 691,351
Accts. payable	4,292,055	3,014,862
Accruals	712,195	617,722
Accrued payroll	1,906,633	2,028,695
Accrued contract costs	1,700,000	—
Curr. Liabilities	$ 14,515,892	$ 6,352,630
Long-term debt	309,980	7,230,156
Deferred income taxes	589,555	712,202
+Common stock	1,506,507	1,505,327
Add. paid-in capital	9,697,074	9,686,979
Retained earnings	2,442,903	4,586,143
Currency trans. adj.	152,446	26,151
Total Liabilities & Shareholders' Equity	$ 29,214,357	$ 30,099,588

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.14
%Net Income to Sales	—	0.73
%Net Income to Equity	—	1.85
Sales to Inventories	3.92	4.62
Debt to Equity	0.45	0.50
Working Capital	$ 8,767,533	$ 16,452,730
Current Ratio	1.60	3.59
Shareholders' Equity	$ 13,798,930	$ 15,804,600

GenRad, Inc.

300 Baker Avenue
Concord, Massachusetts 01742
(508) 369-4400

Officers: William R. Thurston, chairman of the board; Robert E. Anderson, president & chief exec. officer; Constantine J. Lahanas, sr. v.p.-corp. development & secretary; Charles E. Peters, Jr., sr. v.p. & chief financial officer; Richard J. Faubert, v.p.-new product development; James T. Lynch, v.p.-human resources; Richard C. Tippett, v.p.-operations; D. Wayne Peters, treasurer; Vincent L. Carolan, controller; Arthur W. Winterhalter, v.p.-marketing & sales; J. Thomas Austin, v.p. & gen. mgr.-structural test products; Mark T. Beaudouin, general counsel & asst. secretary.

Directors: William R. Thurston, chairman; Robert E. Anderson, Paul Penfield, Jr., Earl W. Pitt, William G. Scheerer, Wilson Wilde, James H. Wright.

Areas of Work: Manufactures test equipment for the electronic equipment, mechanical equipment and semiconductor industries. The Company's computer-based test systems are used by electronics manufacturers to test printed circuit boards and isolate faults down to the individual component level. Electronic component test instruments indicate whether capacitors, resistors, inductors, or integrated circuits are functioning properly. Digital signal processors analyze structures and machinery. Acoustic instrumentation products analyze and measure noise, and are widely used to test compliance with industrial and environmental noise regulations.

Divisions:

Electronic Manufacturing Test Products
Concord, Massachusetts

Structural Test Products
Milpitas, California

Design Automation Products
Fareham, Hants, U.K.

Automotive Test Products
Cheadle, Cheshire, United Kingdom

Subsidiaries:

GenRad Ltd.
Ontario, Canada

GenRad Ltd.
Maidenhead, Berkshire, United Kingdom

GenRad
Paris, France

GenRad GmbH
Munich, Germany

GenRad SpA
Milan, Italy

GenRad (Schweiz) AG
Zurich, Switzerland

GenRad Benelux B.V.
Eindhoven, The Netherlands

Joint Venture:

Tel-GenRad, Ltd.
Nirasaki, Japan

Transfer Agent(s):

Bank of Boston
Stockholder Services Division
Box 644
Boston, Massachusetts 02102-0644

Stock Exchange(s): New York

Ticker Symbol: GEN

Number of Employees:

1988	1,998	1985	2,867
1987	2,113	1984	3,404
1986	2,240		

Plant Footage:

1988	680,000 sq. ft.	1986	612,000
1987	680,000	1985	680,000

Sales & Earnings

	Net Sales †	Net Income
1988	$ 205,859,000	$ (6,238,000)
1987	193,771,000	(37,045,000)
1986	177,059,000	(29,895,000)
1985	186,462,000	(52,254,000)
1984	228,184,000	10,990,000

	No. of Com. Shares +	Earn. per. Share +
1988	16,634,000	$ —
1987	16,455,000	—
1986	16,255,000	—
1985	16,062,000	—
1984	16,253,000	0.68

(Loss)
† Includes service revenues; of continuing operations only.
+ Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	0.10	—	—
1984	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 66,889,000	$ 3.99
1987	72,939,000	4.40
1986	105,654,000	6.45
1985	132,414,000	8.22
1984	181,941,000	11.47

Income Account *
(000's)

Year ended	12/31/88	1/2/88
Net sales & service revenues	$ 205,859	$ 193,771
Cost of sales & services	95,528	91,472
Expenses	102,544	91,622
Interest expense	5,929	6,739
Interest income	(2,318)	(1,554)
Reorganization expense	10,000	2,000
Other expense	309	306
Inc. (loss) bef. taxes	$ (6,133)	$ 3,186
Income taxes	105	1,106
Inc. (loss) - cont. oper.	$ (6,238)	$ 2,080
Loss discont. - oper.	—	(39,125)
Net Loss	$ (6,238)	$ (37,045)

* Included in Costs and Expenses, Depreciation and Amortization: $16,665,000 in 1988 and $14,454,000 in 1987.

Assets
(000's)

As of	12/31/88	1/2/88
Cash	$ 26,761	$ 18,855
Accts. receiv., net	50,146	52,467
*Inventories	37,672	34,603
Other curr. assets	2,992	3,778
Net assets - discont. oper.	1,062	5,394
Current Assets	$ 118,633	$ 115,097
#Fixed assets	67,933	82,111
Other assets	6,289	4,892
Total Assets	$ 192,855	$ 202,100

Liabilities
(000's)

	12/31/88	1/2/88
Notes payable	$ 7,926	$ 13,923
Long-term debt, curr.	377	1,118
Accts. payable	12,746	10,082
Accruals	23,724	22,055
Income taxes	1,372	1,548
Costs - discont. oper.	2,738	5,937
Curr. Liabilities	$ 48,883	$ 54,663
Long-term debt	57,082	58,978
Deferred inc. taxes	1,466	1,861
Accrued pensions	10,220	9,659
Costs - discont. oper.	8,315	4,000
+Common stock	16,754	16,587
Add. paid-in capital	100,465	99,511
Retained earnings (deficit)	(48,968)	(42,730)
Foreign curr. trans. adj.	(1,362)	(429)
Total Liabilities & Shareholders' Equity	$ 192,855	$ 202,100

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Debt to Equity	0.98	1.01
Working Capital	$ 69,750,000	$ 60,434,000
Current Ratio	2.43	2.11
Shareholders' Equity	$ 66,889,000	$ 72,939,000

George Risk Industries, Inc.

GRI Plaza
Kimball, Nebraska 69145-1599
(308) 235-4645

Officers: George Risk, chairman, chief exec. officer & president; Daniel Douglas, v.p.-materiel; Ken Risk, treasurer & secretary; Donna Debowey, asst. secretary; Eileen M. Risk, asst. secretary.

Directors: George Risk, chairman; Ken Risk, Jerry Anderson, William Batterton, Roy Bowling.

Areas of Work: Manufactures high technology computer keyboards for the military and Federal Aviation Administration (FAA), intelligent pay telephones and electronic security products.

Subsidiaries:

Richleu Corporation
GRI Research and Development Laboratories, Inc.
GRI Telemark Corp.

Transfer Agent(s):

George Risk Industries, Inc.
Kimball, Nebraska

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RISKA (NASDAQ)

Sales & Earnings

	Net Sales	Net Income †
1988	$ 3,712,625	$ 364,671
1987	2,809,654	(607,794)
1986	2,683,106	(562,946)
1985	1,911,150	133,525
1984	2,001,177	318,969

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	6,234,888	$ 0.06
1987	6,234,888	—
1986	6,234,888	—
1985	6,234,888	0.02
1984	6,234,888	0.05

(Loss)
† Including extraordinary gains of $132,871 ($0.02 per share) in 1988 and $5,024 in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1988	$ 421,728	$ 0.07
1987	52,912	0.01
1986	665,403	0.11
1985	1,225,195	0.20
1984	1,100,907	0.18

† After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Apr. 30	1988	1987
Net sales	$ 3,712,625	$ 2,809,654
Cost of sales	1,980,506	1,502,841
Oper. expenses	1,267,719	1,098,656
Interest expense	26,643	32,487
Interest income	(3,883)	(132,036)
Prof. for doubtful accts.	—	926,942
Other expenses	20,133	21,844
Inc. (loss) bef. taxes	$ 421,507	$ (641,080)
Income taxes (credit)	182,871	(5,288)
Minority interest	6,836	(27,998)
Net Income (Loss)	$ 231,800	$ (607,794)
Extraord. gain	132,871	—
Net Income (Loss) & extraord. gain	$ 364,671	$ (607,794)

* Included in Costs and Expenses, Depreciation and Amortization: $73,772 in 1988 and $63,855 in 1987.

Assets

As of Apr. 30	1988	1987
Cash	$ 67,608	$ 150,895
Accts. receiv., net	478,646	394,075
Factors' reserves	7,286	9,133
Escrow funds	10,531	10,000
* Inventories	581,784	361,071
Prepaid expenses	14,662	1,162
Current Assets	$ 1,160,517	$ 926,336
#Fixed assets	268,725	209,338
Other assets	2,375	3,314
Total Assets	$ 1,431,617	$ 1,138,988

Liabilities

	1988	1987
Notes payable	$ 268,819	$ 344,724
Long-term debt, curr.	87,587	66,117
Accts. payable	143,788	106,189
Accruals	98,514	120,751
Curr. Liabilities	$ 598,708	$ 637,781

Long-term debt	111,946	151,751
Minority interest	42,235	39,544
+ Preferred stock	257,000	257,000
++ Common stock:		
Class A	658,238	658,238
Class B	83,910	83,910
Add. paid-in capital	1,432,708	1,428,563
Accum. deficit	(1,700,568)	(2,065,239)
Treasury stock	(52,560)	(52,560)
Total Liabilities & Shareholders' Equity	$ 1,431,617	$ 1,138,988

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
++ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.35	—
% Net Income to Sales	6.24	—
%Net Income to Equity	34.15	—
Sales to Inventories	6.38	7.78
Debt to Equity	0.56	1.82
Working Capital	$ 561,809	$ 288,555
Current Ratio	1.94	1.45
Shareholders' Equity	$ 678,728	$ 309,912

Geotel, Inc.

25 Davids Drive
Hauppauge, New York 11788
(516) 436-7230

Officers: Robert J. Sanator, president & chief exec. officer; Joseph E. Link, v.p., chief financial officer & secretary; Geoffrey W. Crowley, v.p.-marketing.

Directors: Herman Fialkov, Benjamin V. Wright, Jr., Eugene F. Murphy, Richard L. Geiger, Robert J. Sanator, Bernard Schniebolk.

Divisions:

Flight Research Division
2880 Charles City Road
Richmond, Virginia 23231
(804) 222-0163

Manufactures precision photo-instrumentation equipment and analog-to-digital converters. The photo-instrumentation products include systems for industrial and banking surveillance, aerial mapping, CRT and radar recordings, time lapse photographic instruments, photo-logging systems, as well as industrial viewers and projectors. Analog-to-digital instrumentation includes encoders that convert analog output into digital signals that can be fed directly into computers or printers. Applications include weighing scales, pipeline flow meters and aggregate batch mixing equipment.

Telemet Division
25 Davids Drive
Hauppauge, New York 11788
(516) 436-7260

Designs, manufactures and sells solid-state video and audio signal processing, testing and switching instrumentation. Communication equipment manufactured by the Company includes video distribution amplifiers, multi-function test sets, test signal generators, differential phase and gain systems, sideband analyzers, modulators, precision demodulators, chroma keyers, routing switchers, video transmission cable equalizing for both short and long haul, and fiber optic transmission and receiver links.

Subsidiaries:

Geotel Development Company
Hauppauge, New York

Designs, manufactures and sells narrow band radio frequency transmitters and receivers – both FM and Am covering the HF to UHF frequency bands – wireless modems and security detection devices.

Test Technology, Incorporated
25 Davids Drive
Hauppauge, New York 11788

Engaged in the development of automatic test systems application software and related products for the military and industry.

True Technical Resources, Inc.
Hauppauge, New York

Provides engineering, design, installation and maintenance services to telephone operating companies, communications equipment manufacturers and the telephone interconnect industry. Also provides temporary technical and craft personnel to a variety of industries.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GETE (NASDAQ)

Number of Employees:

1988	162
1987	83
1986	98
1985	N.A.
1984	85

Plant Footage:

1988	54,500 sq. ft.
1987	54,500
1986	78,350
1985	N.A.
1984	110,000

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 5,697,000	$ (739,343)
1987	5,374,000	306,802
1986	4,594,000	(1,050,027)
1985	2,705,000	812,813
1984	3,260,000	236,182

	No. of Com. Shares	Earn. per Shares ‡
1988	3,726,568	$ — —
1987	3,726,486	0.08
1986	3,731,919	—
1985	3,525,176	0.24
1984	3,025,176	0.08

(Loss)
+ Of continuing operations only.
‡ Based on the number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 3,561,125	$ 0.96
1987	4,300,440	1.15
1986	4,004,075	1.07
1985	4,731,488	1.34
1984	3,418,675	1.13

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 5,696,913	$ 5,374,021
Cost of sales	3,745,606	3,428,665
Expenses	3,165,969	2,353,257
Interest expense	80,452	138,373
Other income	(282,416)	(1,186,184)
Interest income	(106,355)	(51,892)
Loss on unauthorized transactions	—	50,000
Income (loss) before taxes	$ (906,343)	$ 641,802
Income taxes (credit)	(167,000)	335,000
Net Income (Loss)	$ (739,343)	$ 306,802

* Included in Costs and Expenses, Depreciation and Amortization: $160,624 in 1988 and $139,278 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 942,857	496,676
Accts. receiv., net	918,711	596,296
Costs in exc. of billings on contracts	669,126	408,757
Notes receivable	416,231	258,327
*Inventories	788,770	1,129,379
Tax refunds receiv.	22,406	334,717
Prepaid expenses	71,413	1,098,254
Current Assets	$ 3,829,514	$ 4,322,406
#Fixed assets	570,659	449,713
Other assets	693,676	765,076
Total Assets	$ 5,093,849	$ 5,537,195

Liabilities

Note payable	$ 400,000	$ 400,000
Long-term debt, curr.	—	38,107
Accts. payable	92,782	104,582
Accrued expenses	639,941	494,877
Income taxes	—	187,189
Curr. Liabilities	$ 1,132,723	$ 1,224,755
Long-term debt	400,000	—
Deferred inc. taxes	—	12,000
+Common stock	373,203	373,192
Add. paid-in capital	4,230,926	4,230,880
Retained earnings (deficit)	(1,032,538)	(293,195)
Treasury stock	(10,465)	(10,437)
Total Liabilities & Shareholders' Equity	$ 5,093,849	$ 5,537,195

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	—	11.94
% Net Income to Sales	—	5.71
% Net Income to Equity	—	7.13
Sales to Inventories	7.22	4.76
Debt to Equity	0.22	0.10
Working Capital	$ 2,696,791	$ 3,097,651
Current Ratio	3.38	3.34
Shareholders' Equity	$ 3,561,126	$ 4,300,440

Gerber Scientific, Inc.

83 Gerber Road West
South Windsor, Connecticut 06074
(203) 644-1551

P.O. Box 305
Hartford, Connecticut 06141-0305

Officers: H. Joseph Gerber, president; David J. Logan, sr. v.p.-engineering; Robert J. Maerz, sr. v.p.-marketing & operations; George M. Gentile, sr. v.p.-finance & treasurer; Richard F. Treacy, Jr., secretary & general counsel.

Directors: H. Joseph Gerber, David J. Logan, Belmont Towbin, Stanley Simon, Roger B. McCormick.

Areas of Work: Specializes in the design, manufacture, sale and service of computer-aided design and computer-aided manufacturing (CAD/CAM) products in computer-controlled drafting and photoplotting, low-cost interactive design, computerized marker making, material nesting, cutting and handling, sophisticated turnkey interactive graphic production systems which integrate several design and manufacturing processes, and microprocessor-controlled production systems. Gerber automation systems are used by a wide range of industries, including aerospace, apparel, automotive, electronics, metalworking, printing, graphic arts, sign-making and optical lens manufacturing.

Subsidiaries:

The Gerber Scientific Instrument Company
83 Gerber Road West
South Windsor, Connecticut 06074
(203) 644-1551

Designs and manufactures task-oriented, turnkey interactive systems which are used in high precision drafting and photoplotting. These computer-controlled systems are used to automate the production of critical engineering drawings and artwork and other documentation for printed circuit boards and film page layouts for the graphic arts industry.

Gerber Scientific (Canada) Ltd.
GSI Japan Ltd.

Gerber Garment Technology, Inc.
24 Industrial Park Road
Tolland, Connecticut
(203) 871-8082

Designs and manufactures CAD/CAM systems for the layout and cutting of flexible materials such as fabrics, textiles, leather, vinyls, plastics, fiberglass and advanced composite materials. The computer-aided design (CAD) systems automate sizing and arranging of pattern pieces to maximize material usage. The computer-aided manufacturing systems use the data generated by the design systems to cut the materials. The computer-controlled material handling system for the apparel industry delivers sequentially fabricated apparel parts between sewing room operators.

GGT Canada, Ltd.
GGT International (Australia) Pty. Ltd.
GGT International (NZ) Ltd., New Zealand
GGT International (Far East) Ltd., Hong Kong

Gerber Systems Technology, Inc.
425 Sullivan Avenue
South Windsor, Connecticut 06074
(203) 282-1478

Manufactures interactive design and data management systems used in computer-aided design and manufacturing (CAD/CAM) for a wide range of mechanical, electronic and manufacturing applications.

Gerber Systems Technology International, Inc.
Gerber Systems Technology International GmbH, West Germany

Gerber Scientific-Europe, S.A.
Boulevard du Souverain
100 BTE 2
Brussels B-1170, Belgium

Gerber Scientific-U.K. Limited
Unit 8B Intec Two
Wade Road
Basingstoke, Hampshire R624, England

Gerber Scientific GmbH
Oskar-Messter Strasse 15
D-8045 Ismaning
Munich, West Germany

Gerber Scientific Italy S.R.L.
Centro Commerciale
20090 Noverasco Di Opera
Milano, Italy

Gerber Scientific France S.A.R.L.
19, Avenue LeonGambetta
Montrouge F-92120, France

Gerber Scientific Scandinavia A.B.
P.O. Box 4080
Solna S17104, Sweden

Gerber Scientific Leasing, Inc.
P.O. Box 305
Hartford, Connecticut 06141

Gerber Scientific Products, Inc.
151 Batson Drive
Manchester, Connecticut 06040
(203) 643-1515

Designs and manufactures low-cost microprocessor controlled production systems principally for the sign-making, graphic arts, and optical lens manufacturing industries.

Affiliates:

Boston Digital Corporation (21.2% owned)
Holliston, Massachusetts

Manufactures numerically controlled machine tools.

Beta Engineering and Development, Ltd. (36% owned)
P.O. Box 98
Beer Sheeva, Israel

Designs, manufactures and markets CAD/CAM systems for sewing and decorative stitching.

Acquisition:

Cambridge Robotic Systems, Inc.

Designs and manufactures automatic optical inspection systems used in the inspection and qualification of high-density printed wiring devices and phototooling.

Transfer Agent(s):

The Connecticut Bank and Trust Company, N.A.
Hartford, Connecticut 06115

Stock Exchange(s): New York

Ticker Symbol: GRB

Number of Employees:

1988	2,000	1985	1,800
1987	1,800	1984	1,750
1986	1,700		

Plant Footage:

1988	1,069,000 sq. ft.	1985	764,000
1987	934,000	1984	578,000
1986	877,000		

Sales & Earnings

	Revenues	Net Income
1988	$ 263,983,000	$ 29,612,000
1987	223,854,000	21,057,000
1986	191,786,000	18,190,000
1985	224,158,000	25,059,000
1984	173,593,000	14,677,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	26,054,000	$ 0.81
1988	25,803,000	1.15
1986	25,988,000	0.70
1985	25,938,000	0.97
1984	23,245,000	0.63

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.11	—	—
1987	0.08	—	
1986	0.08	—	—
1985	0.067	—	3-for-2
1984	0.049	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 169,579,000	$ 6.57
1987	161,120,000	6.18
1986	141,479,000	5.44
1985	122,440,000	4.72
1984	99,315,000	4.27

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended April 30	1988	1987
Prod. sales	$ 218,079,000	$ 182,044,000
Service	45,904,000	41,810,000
Total revenues	$ 263,983,000	$ 223,854,000
Cost of sales	127,766,000	111,427,000
Expenses	93,835,000	79,578,000
Interest expense	1,560,000	2,064,000
Other income	(5,190,000)	(3,572,000)
Income before taxes	$ 46,012,000	$ 34,357,000
Income taxes	16,400,000	13,300,000
Net Income	$ 29,612,000	$ 21,057,000

* Included in Costs and Expenses, Depreciation and Amortization: $7,565,000 in 1988 and $6,599,000 in 1987.

Assets

As of April 30	1988	1987
Cash	$ 44,465,000	$ 48,365,000
Accts. receiv., net	54,357,000	54,912,000
*Inventories	76,511,000	73,786,000
Prepaid expenses	581,000	432,000
Current Assets	$ 175,914,000	$ 177,495,000
#Fixed assets	50,225,000	41,096,000
Invest. in affil. cos.	2,878,000	3,231,000
Intangibles	13,042,000	9,715,000
Other assets	3,326,000	2,963,000
Total Assets	$ 245,385,000	$ 234,500,000

Liabilities

Notes payable	$ 8,014,000	$ 4,411,000
Long-term debt, curr.	570,000	1,458,000
Accts. payable	13,789,000	14,626,000
Accrued payroll	5,932,000	4,595,000
Other accruals	18,714,000	14,779,000
Income taxes	4,226,000	10,260,000
Advance payments	5,581,000	4,475,000
Curr. Liabilities	$ 56,826,000	$ 54,604,000
Long-term debt	12,075,000	12,647,000
Deferred inc. taxes	6,905,000	6,129,000
+Common stock	24,706,000	17,285,000
Add. paid-in capital	31,767,000	41,426,000
Retained earnings	111,585,000	101,004,000
Cum. trans. adjust.	1,521,000	1,405,000
Total Liabilities & Shareholders' Equity	$ 245,385,000	$ 234,500,000

* At lower of average cost (which approximates FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	17.43	15.29
%Net Income to Revenues	11.22	9.41
%Net Income to Equity	17.46	13.07
Debt to Equity	0.12	0.11
Working Capital	$ 119,088,000	$ 122,891,000
Current Ratio	3.10	3.25
Shareholders' Equity	$ 169,579,000	$ 161,120,000

Gleason Corporation

30 Corporate Woods
P.O. Box 22856
Rochester, New York 14692-2856
(716) 272-6000

Officers: James S. Gleason, president & chairman of the board; Derrell S. Lynch, sr. v.p.-finance & administration; John B. Kodweis, v.p.-human resources & public affairs; Edward C. Berlinski, treasurer; Morton A. Polster, secretary & corporate counsel; Ralph E. Harper, asst. secretary & asst. corporate counsel; James E. Thomas, controller.

Directors: James S. Gleason, chairman; Julian W. Atwater, Robert W. Bjork, Albert W. Moore, Robert A. Sherman, Derrell S. Lynch, Donald D. Lennox, Paul W. MacAvoy.

Areas of Work: Produces a line of precision machines and associated tooling to customer specifications and needs. Provides equipment and technology for the production of bevel gears, Curvic couplings, automated machining and testing systems and other components for mechanical power transmission systems. Also performs contract manufacturing of parts and sub-assemblies, molds, dies and fresnel lenses for a variety of industrial customers.

Divisions:

Alliance Metal Stamping and Fabricating
Rochester, New York

Hackett Precision Company
Nashville, Tennessee

The Gleason Works
Rochester, New York

The Gleason Works, S.A.
Baudour, Belgium

Gleason Works, Ltd.
Plymouth, England

Gleason Corporation Sales
Southfield, Michigan

Gleason Stuttgart
Stuttgart, Germany

Gleason Milano
Milan, Italy

Gleason Power Systems Division
Rochester, New York
Baudour, Belgium

Pennsylvania Pressed Metals, Inc.
Emporium, Pennsylvania

Alliance Carolina Tool & Mold Division
Arden, North Carolina

Alliance Precision Plastics

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Rochester, New York 14603

Stock Exchange(s): New York

Ticker Symbol: GLE

Number of Employees:

1988	3,163	1985	3,874
1987	3,033	1984	4,105
1986	3,408		

Sales & Earnings

	Net Sales +	Net Income
1988	$ 210,700,000	$ (4,234,000)
1987	229,451,000	(1,325,000)
1986	252,185,000	347,000
1985	228,641,000	782,000
1984	213,869,000	(655,000)

	No. of Com. Shares #	Earn. per Share #
1988	5,750,115	$ —
1987	5,745,380	—
1986	5,712,614	0.06
1985	5,693,937	0.14
1984	5,683,800	—

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 92,914,000	$ 16.20
1987	96,858,000	16.86
1986	94,118,000	16.48
1985	92,775,000	16.29
1984	90,105,000	15.85

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 210,700,000	$ 229,451,000
Cost of sales	167,376,000	176,120,000
Expenses	46,496,000	49,747,000
Interest expense	2,365,000	1,646,000
Other expense (income)	(2,948,000)	633,000
Restructuring charges	—	5,530,000
Loss bef. taxes	$ (2,589,000)	$ (4,225,000)
Income taxes	1,645,000	51,000
Cum. effect of change in acctng meth.	—	(2,951,000)
Net Loss	$ (4,234,000)	$ (1,325,000)

* Included in Costs and Expenses, Depreciation and Amortization: $14,990,000 in 1988 and $17,187,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 3,952,000	$ 6,999,000
Accts. receiv., net	44,204,000	44,299,000
*Inventories	39,565,000	21,952,000
Other curr. assets	4,588,000	6,520,000
Current Assets	$ 92,309,000	$ 79,770,000
#Fixed assets	89,057,000	81,764,000
Other assets & def. charges	4,894,000	5,879,000
Total Assets	$ 186,260,000	$ 167,413,000

Liabilities

	1988	1987
Notes payable	$ 6,491,000	$ 2,236,000
Long-term debt. curr.	32,992,000	3,516,000
Accts. payable	17,657,000	18,462,000
Accrued payroll	10,294,000	9,645,000
Income taxes	1,538,000	1,140,000
Other curr. liab.	14,375,000	10,219,000
Curr. Liabilities	$ 83,347,000	$ 45,218,000
Accrued empl. benefits	3,479,000	4,088,000
Long-term debt	2,725,000	16,585,000
Def. income taxes	2,820,000	2,714,000
Oblig. to purch. a patent	975,000	1,950,000
+Common stock	5,736,000	5,757,000
Add. paid-in capital	11,683,000	12,083,000
Retained earnings	77,857,000	82,091,000
Currency trans. adjust.	(1,387,000)	(1,123,000)
Oblig. to deliver comm. stock	(975,000)	(1,950,000)
Total Liabilities & Shareholders' Equity	$ 186,260,000	$ 167,413,000

* At lower of cost (primarily LIFO) or market. Remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	5.33	10.45
Debt to Equity	0.45	0.23
Working Capital	$ 8,962,000	$ 34,552,000
Current Ratio	1.11	1.76
Shareholders' Equity	$ 92,914,000	$ 96,858,000

Gould Inc.

35129 Curtis Boulevard
Eastlake, Ohio 44095
(216) 953-0525

Officers: James F. McDonald, chairman of the board & chief executive officer; John E. Jones, exec. v.p.-industrial automation systems; Harry A. Caunter, exec. v.p.-instrumentation/automation systems & defense; Charles M. Brennan, III, sr. v.p., chief financial officer & treasurer; Richard L. Williams, III, sr. v.p.-administration & general counsel; George W. Welsh, v.p.-corporate development; C. David Ferguson, exec. v.p.-materials and components; C. Shelton James, exec. v.p.-information systems; Peter R. Strong, group v.p.-test & measurement; Jerry W. Gaskin, v.p. & controller; Nancy R. Jack, v.p. & secretary; James E. Forrest, v.p.-strategic planning; Lawrence K. Brown, v.p.-tax.

Directors: James F. McDonald*, chairman; Jordan J. Baruch, Daniel J. Donahue*, W. John Driscoll*, William F. Glavin, Frank L. Hereford, Jr., Keith R. Potter*, Louis H. Roddis, Jr., John P. Schroder, A. A. Sommer, Jr., Richard J. Hanschen, Charles M. Brennan, III, Richard L. Williams, III.

* Member of the Executive Committee

Areas of Work: Develops, manufactures and markets computers and electronics-based systems, product and components for key high-growth worldwide markets: information systems, industrial automation, instrument systems, defense systems, semiconductors and other electronic components.

Divisions and Subsidiaries:

Electronic Systems:

These products include information systems: 32-bit mini-computer and computer-based image processing and display systems; computer-integrated industrial automation systems; ruggedized industrial computers (including cell and programmable controllers), man-machine interface systems, industrial local-area data communication networks and single and multiple-axis motion control systems.

Imaging & Graphics
Fremont, California

Manufactures a broad line of digital imaging and graphics systems used in publishing, remote sensing, CAD, CAM, and animated graphics.

Motion Control
2701 North Green Bay Road
Racine, Wisconsin 55304
(414) 637-6591

Manufactures and distributes high performance motion control systems.

Micro Bond Technologies, Inc.

Producer of interconnect devices and beam tape for tape-automated bonding of semiconductors.

Industrial Controls Division
Measurement Systems Division

International Cybernetics Corporation
Pittsburgh, Pennsylvania

Manufacturer of advanced computerized controls for factory and machine automation.

Computer Systems Division
Fort Lauderdale, Florida
(305) 587-2900

Produces digital minicomputers for research, industrial process and control, for generation and distribution of electrical power and for exploration and development of new fuel and energy sources.

Federal Systems Division
Fairfax, Virginia

Industrial Automation Systems
North Andover, Massachusetts

Applications software, cell controllers, computer systems, flexible automation controllers, industrial local area networks, intelligent motion-control devices, I/O modules, machine vision systems, man-machine interfaces, programmable controllers, servo-drive systems, workstations.

Instrument Systems:

These include test and measurement instrumentation: logic analyzers, recording systems and digital storage oscilloscopes.

Design & Test Systems Division
Cupertino, California

Recording Systems Division
Cleveland, Ohio

Electronic Components:

Components and materials for the electronics industry include application-specific MOS/VLSI (metal-oxide silicon/very-large-scale-integration) integrated circuits, electrolytic copper foil and circuit protection devices.

Micro Power Products Division
Gould AMI
Dexcel Division
Circuit Protection Division

Foil Division
17000 St. Clair Avenue
Cleveland, Ohio 44110
(216) 481-7200

Acquisition:

Septor Electronics Corporation
El Paso, Texas

Manufactures transfer line automation systems used in metalworking and machining applications.

Transfer Agent(s):

Morgan Guaranty Trust of New York
23 Wall Street
New York, New York 10015

Stock Exchange(s): New York, Midwest

Ticker Symbol: GLD

Number of Employees:

1987	10,126
1986	10,613
1985	18,605
1984	19,603
1983	20,651

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1987	$ 933,400	$ (95,600)
1986	908,800	(101,800)
1985	923,200	(175,700)
1984	920,800	17,800
1983	808,200	64,100

	No. of Com. Shares	Earn. per Share ‡
1987	44,901,000	$ —
1986	44,553,000	—
1985	44,358,000	—
1984	43,639,000	0.40
1983	44,705,000	1.42

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Electronic systems	$ 462,300	$ 480,100
Instrument systems	111,200	102,300
Electronic components	359,900	325,100
General corp.	—	1,300
Total	$ 933,400	$ 908,800

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.34	—	
1985	0.68	—	—
1984	0.68	—	—
1983	1.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 477,100,000	$ 10.63
1986	557,700,000	12.52
1985	674,000,000	15.19
1984	854,700,000	19.59
1983	885,100,000	19.80

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net revenues	$ 933,400	$ 908,800
Cost of sales	531,400	497,900
Expenses	373,800	373,600
Interest income	(1,400)	(6,500)
Other income	(18,600)	(13,300)
Inc. bef. taxes	$ 48,200	$ 57,100
Income taxes	23,200	22,500
Inc. cont. oper.	$ 25,000	$ 34,600
Loss - disc. oper.	(120,600)	(136,400)
Net Loss	$ (95,600)	$ (101,800)

* Included in Costs and Expenses, Depreciation: $70,700,000 in 1987 and $63,900,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & marketable secur.	$ 1,100	$ 11,900
Accts. receiv., net	178,500	167,600
*Inventories	157,300	148,900
Other curr. assets	89,500	88,800
Net assets of discont. oper.	164,400	214,700
Current Assets	$ 590,800	$ 631,900
Investments	40,700	87,200
Other assets	79,000	59,900
#Fixed assets	326,600	347,500
Net assets of discont. oper.	72,600	70,800
Intangibles	73,100	67,800
Total Assets	$ 1,182,800	$ 1,265,100

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 45,100	$ 64,100
Accts. payable	74,700	70,100
Accrued payroll	28,300	26,800
Accured interest	14,400	15,200
Accruals	93,100	75,900
Income taxes	31,300	14,700
Curr. Liabilities	$ 286,900	$ 266,800
Long-term debt	303,100	326,400
Deferred inc. taxes	61,400	60,200
Other liab.	54,300	54,000
+ Common stock	187,100	187,100
Add. paid-in capital	250,400	253,200
Retained earnings	110,700	206,300
Treasury stock	(48,400)	(58,800)
Trans. adjust.	(22,700)	(30,100)
Total Liabilities & Shareholders' Equity	$ 1,182,800	$ 1,265,700

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $4 par value.

Statistical Summary

Sales to Inventories	5.93	6.10
Debt to Equity	0.73	0.70
Working Capital	$ 303,900,000	$ 365,100,000
Current Ratio	2.06	2.37
Shareholders' Equity	$ 477,100,000	$ 557,700,000

Graphic Scanning Corp.

25 Rockwood Place
Englewood, New Jersey 07631
(201) 894-8000

Officers: Daniel Rubin, chairman of the board; Robert Cymbala, chief exec. officer; William S. Wheatley, Jr., president & chief administrative officer; Jay A. Disler, v.p.-chief financial officer & asst. secretary; Richard Sherwin, v.p.-marketing & chief operating officer; Ronald P. Vicari, v.p.-engineering; Arnold S. Jacobs, secretary.

Directors: Daniel Rubin, chairman; Martin Beck, Arnold S. Jacobs, Howard Mescon, John A. Morgan, Robert P. Shapiro, James R. Baehler, Stephen R. Petschek.

Business Activities: The Company provides specialized data and message processing and record and data communications services; operates radio paging, two-way mobile radio telephone and other related services; and sells communications systems and related devices. Through its 76.4%-owned subsidiary, Switchco, Inc., the Company is engaged in the design, development and manufacture of complex, computer-based, software and hardware controlled communications switching systems.

Divisions and Subsidiaries:

Graphnet, Inc.
329 Alfred Avenue
Teaneck, New Jersey 07666

Operates a computer-controlled record and data communications network throughout the entire U.S.

Digital Paging Systems, Inc.
25 Rockwood Place
Englewood, New Jersey 07631

Securities Services Division
11 Broadway
New York, New York 10004

Provides specialized data and message processing services for investment banks, commercial banks and their counsel.

Radio Relay Corp.-Delaware
25 Rockwood Place
Englewood, New Jersey 07631

Switchco, Inc.

Spectrum Communications & Electronics Corp.
62 Bethpage Road
Hicksville, New York 11801

Designs, develops, manufactures and markets radio paging terminals, voice message storage and retrieval equipment and telephone answering equipment.

Time and Space Processing, Inc.
3410 Central Expressway
Santa Clara, California 95051

Designs, develops, manufactures and markets narrow band voice digitizers.

Digital Mobile Communications, Ltd.
England
Provides radio paging and VHF paging services, and mobile radio cellular telephone services.

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GSCC (NASDAQ)

Number of Employees:

1988	1,500	1986	1,700
1987	1,600	1985	1,602

Plant Footage:

1988	50,000 sq. ft.	1986	93,000
1987	68,000	1985	93,000

N. A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 116,337,000	$ 47,978,000
1987	115,152,000	75,727,000
1986	120,757,000	(49,877,000)
1985	121,916,000	(11,907,000)
1984	117,847,000	(25,285,000)

	No. of Com. Shares #	Earn. per Share #
1988	38,824,000	$ 1.31
1987	48,333,000	1.73
1986	37,744,481	—
1985	35,795,508	—
1984	34,018,637	—

(Loss)
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 75,328,000	$ 1.94
1987	47,720,000	0.99
1986	6,304,965	0.17
1985	46,151,535	1.29
1984	42,718,021	1.26

# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account

Year ended June 30	1988	1987
Net sales & services	$ 116,337,000	$ 115,152,000
Cost of sales	58,228,000	56,661,000
Expenses	62,468,000	62,472,000
Depreciation & amortization	22,713,000	23,706,000
Interest expense	6,956,000	11,299,000
Res. & develop.	2,794,000	3,008,000
Eq. in losses (earn.) of mobile commun.	(43,000)	2,514,000
Gain on sales of bus. int.	(119,735,000)	(140,884,000)
Interest income	(5,868,000)	(4,366,000)
Prov. for write-down of assets	23,073,000	7,468,000
Prov. for litigation settle.	2,400,000	9,000,000
Minority interest	(869,000)	(3,334,000)
Other expense (income)	(1,418,000)	2,113
Income bef. taxes	$ 65,638,000	$ 85,495,000
Income taxes	17,660,000	9,768,000
Net Income	$ 47,978,000	$ 75,727,000

Assets

As of June 30	1988	1987
Cash & cash equiv.	$ 40,222,000	$ 29,900,000
Accts. receiv., net	$ 10,800,000	11,914,000
Receiv. from sales of mobile comm.	41,669,000	24,614,000
*Inventories	8,382,000	7,223,000
Interest & other receiv.	4,645,000	2,222,000
Other current assets	2,372,000	1,739,000
Current Assets	$ 108,090,000	$ 77,612,000
#Fixed assets	36,086,000	64,526,000
Invest. in cellular partnerships	10,618,000	13,146,000
Intangibles	26,923,000	28,358,000
Cellular applic. costs	441,000	4,960,000
Other deferred costs	3,062,000	5,095,000
Other assets	7,109,000	8,436,000
Total Assets	$ 192,329,000	$ 202,133,000

Liabilities

Long-term debt. curr.	$ 1,838,000	$ 3,102,000
Accts. payable and accruals	43,327,000	51,413,000
Income taxes pay.	6,826,000	1,475,000
Def. inc. taxes	7,500,000	—
Curr. Liabilities	$ 59,491,000	$ 55,990,000
Long-term debt	51,478,000	85,264,000
Other liabilities	1,943,000	1,922,000
Def. inc. taxes	3,021,000	217,000
Minority interest	1,068,000	1,937,000
+Redeem. preferred stock	—	9,083,000
+ +Common stock	334,000	404,000
Add. paid-in capital	47,105,000	102,396,000
Retained earnings (deficit)	30,730,000	(16,685,000)
Treasury stock	(1,859,000)	(37,723,000)
Deferred comp.	(982,000)	(672,000)
Total Liabilities & Shareholders' Equity	$ 192,329,000	$ 202,133,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value; 11.25% convertible.
+ + $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	56.42	74.25
%Net Income to Sales	41.24	65.76
%Net Income to Equity	63.69	158.69
Debt to Equity	0.71	1.85
Working Capital	$ 48,599,000	$ 21,622,000
Current Ratio	1.82	1.39
Shareholders' Equity	$ 75,328,000	$ 47,720,000

Grumman Corporation

1111 Stewart Avenue
Bethpage, New York 11714-3580
(516) 575-0574

Officers: John O'Brien, chairman & president; Robert G. Freese, vice chairman-finance & treasurer; George L. Brown, v.p.-Washington Relations & EEO; Natale P. Busi, v.p. & controller; John J. Carroll, v.p.-community affairs; Howard J. Dunn, Jr., v.p.-audit; Thomas L. Genovese, v.p. & general counsel; Weyman B. Jones, v.p.-public affairs; Robert W. Bradshaw, v.p. & secretary; Daniel F. Huebner, vice chairman-development; Richard A. Schueing, v.p. & deputy dir.-corp. technology; Peter F. Barry, v.p.-Washington operations; David L. Walsh, v.p.-marketing; Richard G. Anderson, v.p.-technology development; Dean G. Cassell, v.p.-product integrity & environmental protection; Thomas A. Guarino, v.p. & asst. to the chairman for special assignments; Steven Dely, v.p. & asst. to the chairman; Thomas J. McKee, v.p.-business development, Washington operations; Richard A. Milburn, v.p.-international affairs, Washington operations; Dana E. McGee, v.p.-congressional liaison; Thomas J. McGrath, v.p.-aircraft modification and subcontracts; Edward B. Jacobs, asst. treasurer; William R. Parmentier, Jr., asst. treasurer; William Wachino, Jr., asst. treasurer; Evelyn Capelluto, asst. secretary.

Directors: John O'Brien*, chairman; Kenneth S. Axelson, Ellis L. Phillips, Jr.*, Archie E. Albright*, Robert G. Freese, Lucy W. Benson, John T. Sargent, Orville L. Freeman, Edward W. Brooke, Renso L. Caporali*, Victor Hao Li, Dan E. Huebner, David L. Luke, III*.

* Member of the Executive Committee

Areas of Work: Manufactures military aircraft, spacecraft, commercial aircraft components and subassemblies, sophisticated electronics for aircraft, computerized test equipment and other defense-related products such as airborne surveillance systems, boat and truck bodies, fire apparatus and buses. Also provides services in the field of computer programming.

Divisions:

Aircraft Systems Division
Allied Division
Corporate Services Division
Data Systems Division
Electronics Systems Division
Melbourne Systems Division
Space Station Program Support Division
Space Systems Division
Technical Services Division

Subsidiaries:

Grumman Aerospace Corporation
Grumman Allied Industries, Inc.
Grumman Data Systems Corporation
Grumman Credit Corporation
Paumanock Development Corporation

Tachonics Corporation
Plainsboro, New Jersey
Designs and manufactures integrated circuits using gallium arsenide.

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia, Boston, Tokyo

Ticker Symbol: GQ

Number of Employees:

1988	32,000	1985	32,177
1987	33,700	1984	30,866
1986	32,400		

Plant Footage:

1988	15,099,000 sq. ft.	1986	13,914,000
1987	14,487,000		

Sales & Earnings

	Net Sales *	Net Income
1988	$ 3,648,892,000	$ 86,465,000
1987	3,375,260,000	35,650,000
1986	3,501,911,000	78,690,000
1985	3,098,865,000	81,535,000
1984	2,603,639,000	108,418,000

	No. of Com. Shares	Earn. per Share #
1988	32,720,816	$ 2.50
1987	32,664,916	0.94
1986	32,603,690	2.32
1985	29,146,887	2.65
1984	28,616,065	3.62

* Including other income; of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Aerospace	$ 2,643,086	$ 2,494,391
Electronics systems	514,378	617,188
Special vehicles	380,682	250,450
Information and other svcs.	544,272	452,702
Corp. items & eliminations	(433,526)	(439,471)
Total	$ 3,648,892	$ 3,375,260

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.00	—	—
1987	1.00	—	
1986	1.00	—	—
1985	1.00	—	—
1984	0.925	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share
1988	$ 782,169,000	$ 23.90
1987	727,414,000	22.27
1986	721,882,000	22.14
1985	603,354,000	20.70
1984	543,611,000	19.00

‡ After allowing for preferred stock at stated value.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 3,591,308	$ 3,325,062
Other income	57,584	50,198
Total income	$ 3,648,892	$ 3,375,260
Cost of sales	3,307,394	3,122,535
Expenses	126,139	152,804
Interest expense	84,894	58,871
Income before taxes	$ 130,465	$ 41,050
Income taxes	44,000	14,000
Inc. - cont. oper.	$ 86,465	$ 27,050
Loss - discont. oper.	—	(26,400)
Cum. effect of change in acctng. meth.	—	35,000
Net Income	$ 86,465	$ 35,650

* Included in Costs and Expenses, Depreciation and Amortization: $113,854,000 in 1988 and $103,593,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 19,264	$ 29,364
Market. securities	95,115	108,280
Accts. receiv., net	801,953	573,689
*Inventories	862,634	765,439
Prepaid expenses	35,077	43,816
Current Assets	$ 1,814,043	$ 1,520,588
Contracts receiv.	60,335	70,473
#Fixed assets	587,408	592,441
Invest. & other assets	104,199	71,067
Total Assets	$ 2,565,985	$ 2,254,569

Liabilities
(000's)

	1988	1987
Short-term debt	$ 96,188	$ 131,809
Accts. payable	276,538	207,259
Accrued payroll	74,887	64,962
Def. inc. taxes	99,553	73,492
Prog. payments & customer deposits	31,889	31,093
Other curr. liabilities	160,776	149,092
Curr. Liabilities	$ 739,831	$ 657,707
Long-term debt	802,078	643,198
Def. inc. taxes	106,646	114,107
Other liab.	95,175	69,555
+ Preferred stock:		
Redeemable	40,000	42,500
Non-redeemable	86	88
++ Common stock	311,223	310,826
Treasury stock	(337)	(1,158)
Restricted stock	(20,356)	(24,864)
Retained earnings	491,639	442,610
Total Liabilities & Shareholders' Equity	$ 2,565,985	$ 2,254,569

* At lower of cost (average, FIFO and LIFO) or realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value. Redeemable preferred, $2.80 cumulative; non-redeemable, $0.80 convertible.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.63	—
%Net Income to Sales	2.41	—
%Net Income to Equity	11.05	4.90
Sales to Inventories	4.16	4.34
Debt to Equity	1.15	1.07
Working Capital	$ 1,074,212,000	$ 862,881,000
Current Ratio	2.45	2.31
Shareholders' Equity	$ 782,255,000	$ 727,502,000

GTE Corporation

One Stamford Forum
Stamford, Connecticut 06904
(203) 965-2000

Officers: James L. Johnson, chairman & chief exec. officer; Charles R. Lee, president & chief operating officer; Edward C. Schmults, sr. v.p.-external affairs & gen. counsel; Allan L. Rayfield, sr. v.p.-joint venture operations; Nicholas L. Trivisonno, sr. v.p.-finance; Edward C. MacEwen, v.p.-corporate communications; Bruce Carswell, sr. v.p.-human resources & administration; Samuel F. Shawhan, Jr., v.p.-government affairs; Claude A. Burleson, v.p.-taxes; Bruce E. Haddad, v.p. & controller; James Murphy, v.p. & treasurer; Timothy P. Murphy, v.p.-investor relations & financial adm.; John C. Redmond, v.p.-research & engineering & pres.-GTE Laboratories; Marianne Drost, corp. secretary; Donald A. Mitchell, v.p.-planning & development; D. Otis Wolkins, v.p.-quality services.

Directors: James R. Barker, T. Justin Moore, Jr., Sandra O. Moose, Richard W. Jones, James W. Walter, Allan L. Rayfield, James L. Johnson, Edwin L. Artzt, Edward H. Budd*, James L. Ketelsen*, Russell E. Palmer*, Robert D. Storey, George V. Grune, Roger W. Stone, Bruce Carswell, Charles R. Lee, Michael T. Masin, Edward C. Schmults.

* Member of the Executive Committee

Areas of Work: GTE has three core businesses: telecommunications, lighting products and precision materials. In telecommunications, the corporation provides local telephone service in portions of 31 states, two Canadian provinces and the Dominican Republic. Long-distance telephone service is offered through U.S. Sprint and specialized telecommunication services through GTE Telecom. Telecommunications systems and services and Sylvania lighting products and precision materials are marketed in the United States and 40 other countries.

Divisions:

GTE Telephone Operating Group
Stamford, Connecticut

Telephone Companies
Provides local telephone service to communities in 31 states, British Columbia, Quebec, the Dominican Republic, and the northern Mariana Islands in the Pacific Ocean. Also sells or leases phones and terminals.

GTE Directories
Sells Yellow Pages advertising and publishes telephone directories.

GTE Mobilnet
Provides cellular mobile radio telephone service.

GTE Spacenet
Operates a nationwide satellite communications system.

GTE Telecom
Comprised of three operating units: GTE Airfone, which provides air-to-ground telephone services for passengers on commerical airlines; GTE Telecom's Communications Management Division, which provides telecommunications services to government, defense and business customers; and GTE TeleMessager, which provides a computer-based voice messaging service.

GTE Products and Systems Group
Stamford, Connecticut

GTE Consumer Communications Products
Markets residential and small office products such as single-line telephones, answering machines, data equipment, work stations and peripherals.

GTE Communication Systems
Supplies lines of communications equipment, systems and support services, including digital switching and PABX systems.

GTE Government Systems
Reconnaissance systems; command, control communications and intelligence systems; tactical communication systems; electronic defense systems; communications switching and information systems.

GTE Lighting Products
Danvers, Massachusetts
Manufactures more than 6,000 types of Sylvania lamps. Also produces lighting products, lamp fixtures and related products.

GTE Precision Materials
Danvers, Massachusetts
Manufactures metal, plastic and ceramic materials, parts and components; specialty and refractory metals; high-purity chemicals and electronic assemblies.

Other Sectors:

US Sprint (20% owned)
Operates the third largest long-distance telephone system in the U.S., and provides telephone services to 70 countries.

GTE Laboratories
Conducts basic and applied research in communications, lighting and precision materials technologies.

Transfer Agents(s):

GTE Shareholder Services Incorporated
P.O. Box 37
North Quincy, Massachusetts 02171

GTE Shareholder Services Incorporated
50 Broadway
New York, New York 10004

State Street Bank and Trust Company
P.O. Box 5003
Boston, Massachusetts 02107

Stock Exchange(s): New York, Midwest, Pacific, London, Amsterdam, Basel, Geneva, Lausanne, Zurich, Paris

Ticker Symbol: GTE

Number of Employees:

1988	159,000	1985	175,000
1987	161,000	1984	178,000
1986	160,000		

Sales & Earnings
(000's)

	Revenues & Sales ‡	Net Income
1988	$ 16,459,852	$ 1,224,681
1987	15,421,030	1,118,817
1986	15,111,528	1,184,312
1985	14,371,659	(161,091)
1984	13,247,731	1,125,118

	No. of Com. Shares #	Earn. per Share #
1988	328,589,000	$ 3.58
1987	329,171,000	3.29
1986	326,309,000	3.53
1985	312,455,000	—
1984	294,849,000	3.70

(Loss)
‡ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 2.60	—	—
1987	2.48	—	
1986	2.20	—	3-for-2
1985	2.08	—	—
1984	2.03	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity + (000's)	Equity Per Share ‡
1988	$ 8,126,514	$ 24.91
1987	7,759,259	23.83
1986	7,663,121	23.22
1985	6,830,195	21.49
1984	7,374,000	24.07

+ After allowing for no par preferred stock at stated value and $50 par value preferred stock at par.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues and Sales:		
Telephone oper.	$ 11,685,979	$ 11,158,257
Other oper.	4,773,873	4,262,773
Total income	$ 16,459,852	$ 15,421,030
Costs & expenses:		
Telephone oper.	8,967,887	8,279,370
Other oper.	4,440,412	3,988,995
Interest expense	913,558	838,133
Eq. in loss of U.S. Sprint	125,131	577,451
Bus. restruc. inc.	—	(130,669)
Other expense	171,902	115,800
Income bef. taxes	$ 1,840,962	$ 1,751,950
Income taxes	616,281	633,133
Net Income	$ 1,224,681	$ 1,118,817

* Included in Costs and Expenses, Depreciation: $2,559,090,000 in 1988 and $2,473,652,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. invest.	$ 306,979	$ 170,841
Receiv., net	2,893,661	2,419,766
*Inventories	1,263,934	1,283,801
Deferred tax benefits	266,232	245,977
Other curr. assets	881,101	214,692
Current Assets	$ 5,611,907	$ 4,335,077
#Fixed assets	22,986,886	22,001,991
Investments & other assets	2,505,133	2,408,134
Total Assets	$ 31,103,926	$ 28,745,202

Liabilities
(000's)

	1988	1987
Short-term oblig.	$ 1,757,738	$ 837,067
Accts. payable	1,514,144	1,430,558
Accrued business repositioning costs	168,964	312,654
Accrued taxes	622,751	483,097
Advance billings	227,546	221,098
Dividends payable	244,084	247,831
Other curr. liab.	1,334,848	1,078,693
Curr. Liabilities	$ 5,870,075	$ 4,610,998
Long-term debt	9,704,710	9,587,338
Reserves & deferred credits	5,734,015	5,149,128
+Mand. redempt. pref. stock	301,958	313,866
No par preferred stock	491,443	529,929
+Preferred stock	13,390	14,101
++Common stock	34,929	34,055
Add. paid-in capital	5,067,310	4,769,391
For. curr. trans. adjust.	(16,665)	(83,685)
Retained earnings	3,978,219	3,637,926
Treasury stock	(937,279)	(598,428)
Minority interest in. eq. of subsid.	861,821	780,583
Total Liabilities & Shareholders' Equity	$ 31,103,926	$ 28,745,202

* At lower of cost (average or FIFO) or market.
# Less accumulated depreciation.
+ $50 par value.
++ $0.10 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Total Income	11.18	11.36
%Net Income to Total Income	7.44	7.26
%Net Income to Equity	14.19	13.47
Debt to Equity	1.33	1.26
Shareholders' Equity	$ 8,631,347,000	$ 8,303,289,000

GTI Corporation

9191 Towne Centre Drive
Suite 310
San Diego, California 92122
(619) 578-3111

Officers: Cyril Newnham, chairman of the board & acting chief exec. officer; John C. Brittain, v.p., & president-Electronics Group; Remo A. Ionni, v.p., & president-Circuits Group; Richard C. Roessler, v.p., controller & secretary; Phillip L. Naylor, v.p., & president-Distribution Group.

Directors: Cyril Newnham, chairman; William S. Ivans, Alvin H. Wineman, Jr., John C. Brittain, Remo A. Ionni, J. Christian Lingle, William S. McCarroll, Charles R. Collins, Phillip L. Naylor.

Areas of Work: Manufactures a variety of electronic and electronic component parts, circuit boards and processing equipment. Principal products include glass-to-metal seals, welded metal leads, rolled pins, die stamped, etched flexible and etched rigid circuit boards, and electronic component processing equipment.

Divisions:

Circuits Division
P.O. Box 217
Leesburg, Indiana 46538
(219) 453-3261

Manufactures die stamped printed circuits with its major markets being the automotive industry.

Electronics Division
R.D. 2, P.O. Box 2096
Hadley, Pennsylvania 16130
(412) 253-3161

Produces a line of two and three piece welded leads and filaments, straight cut lead and rolled pins, intricate metal forms, headed and formed leads, semiconductor leads, wire welds, welded cap and assemblies and lamp leads.

GTI - Ireland, Ltd.
Industrial Estates
Abbeyfeale
County Limerick, Republic of Ireland

Manufactures two piece welded diode leads.

Acquisition:

Electronic Supply Corporation
1099 West La Cadena Drive
Riverside, California 92501
(714) 787-9220

Distributes electronic components, specialized wire and cable products and electromechanical devices, and provides value added assembly services.

Transfer Agent(s):

Mellon Bank, N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): American

Ticker Symbol: GTI

Number of Employees:

1988	454	1986	343
1987	N.A.	1985	283

N.A. - Not Available.

Plant Footage:

1988 .... 129,400 sq. ft.

Sales & Earnings

	Revenues	Net Income
1988	$ 32,602,000	$ 1,864,000
1987	20,698,000	1,213,000
1986	16,372,000	(3,639,000)
1985	16,920,000	(679,000)
1984	24,107,000	410,000

	No. of Com. Shares	Earn. per Shares †
1988	4,998,775	$ 0.29
1987	5,638,775	0.23
1986	3,461,775	—
1985	3,486,727	—
1984	3,500,867	0.12

(Loss)
† Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1988	1987
Electronic & elec. components	$ 13,744,000	$ 14,552,000
Circuit boards	7,086,000	6,146,000
Distribution products	11,772,000	—
Total	$ 32,602,000	$ 20,698,000

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 15,680,000 ‡	$ 3.14
1987	16,944,000	3.00
1986	7,020,000	2.03
1985	10,341,000	2.99
1984	10,571,000	3.02

‡ After allowing for preferred stock at liquidation value.

Income Account *

Year ended Dec. 31	1988	1987
Net revenues	$ 32,602,000	$ 20,698,000
Cost of revenues	24,217,000	15,410,000
Expenses	6,606,000	4,553,000
Interest expense	47,000	132,000
Interest income	(389,000)	(396,000)
Other expense (income)	(51,000)	173,000
Gain on pension plan term.	—	(445,000)
Income bef. taxes	$ 2,172,000	$ 1,271,000
Income taxes	385,000	176,000
Eq. in earn. of affil.	(77,000)	(118,000)
Net Income	$ 1,864,000	$ 1,213,000

* Included in Costs and Expenses, Depreciation and Amortization: $839,000 in 1987 and $953,000 in 1986.

Assets

As of Dec. 31	1988	1987
Cash	$ 2,282,000	$ 6,402,000
Receiv., net	5,414,000	2,673,000
Receiv. from term. pension plan	—	712,000
*Inventories	6,492,000	2,263,000
Prepaid expenses	284,000	158,000
Current Assets	$ 14,472,000	$ 12,208,000
#Fixed assets	4,629,000	4,556,000
Investments	1,500,000	1,500,000
Invest. in affil.	—	905,000
Goodwill	7,602,000	1,713,000
Total Assets	$ 28,203,000	$ 20,882,000

Liabilities

Long-term debt, curr.	$ 182,000	$ 280,000
Accts. payable	2,551,000	1,116,000
Accruals	1,281,000	1,901,000
Accrued inc. taxes	67,000	97,000
Curr. Liabilities	$ 4,081,000	$ 3,394,000
Long-term debt	130,000	291,000
Other liabilities	202,000	253,000
+Preferred stock	8,110,000	—
++Common stock	226,000	226,000
Add. paid-in capital	17,065,000	17,045,000
Retained earnings (def.)	369,000	(1,329,000)
Treasury stock	(2,703,000)	—
Cum. trans. adj.	723,000	1,002,000
Total Liabilities & Shareholders' Equity	$ 28,203,000	$ 20,882,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value; $35.00 cumulative convertible.
++ $0.04 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.66	6.14
%Net Income to Sales	5.72	5.86
%Net Income to Equity	7.84	7.16
Debt to Equity	0.01	0.03
Working Capital	$ 10,391,000	$ 8,814,000
Current Ratio	3.55	3.60
Shareholders' Equity	$ 23,790,000	$ 16,944,000

Hadco Corporation

10 Manor Parkway
Salem, New Hampshire 03079
(603) 898-8000

Officers: Horace H. Irvine, II, chairman; Jon F. Kropper, president & chief exec. officer; William P. Meehan, v.p. & chief financial officer; Dana R. Schofield, vice president; Patrick Sweeney, vice president; Sheila J. Ladensack, vice president; Rodney P. DeRego, v.p. & controller; James C. Hamilton, clerk.

Directors: Horace H. Irvine, II, chairman of the board; Jon F. Kropper, David F. Hawkins, J. Stanley Hill, John O. Irvine, William P. Meehan, Robert F. Collings, Frank W. Haydu, III, Oliver O. Ward.

Areas of Work: Manufactures multilayer and dense two-sided printed circuits which it markets to the computer, telecommunications, and other electronic industry segments.

Divisions:

Sales & Marketing
Salem, New Hampshire

Backplane Division
Salem, New Hampshire

Derry Division
Derry, New Hampshire

Owego Division
Owego, New York

Tech Center One
Salem, New Hampshire

Tech Center Two
Watsonville, California

Subsidiary:

Circuit Image Industries, Inc.
Hudson, New Hampshire

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HDCO (NASDAQ)

Number of Employees:

1988	N.A.	1985	1,215
1987	1,528	1984	2,126
1986	1,322		

N.A. - Not Available.

Plant Footage:

1988	261,000 sq. ft.	1986	261,000
1987	261,000	1985	310,000

Sales & Earnings

	Net Sales +	Net Income
1988	$ 144,344,000	$ 4,488,000
1987	124,255,000	2,596,000
1986	98,358,000	(9,698,000)
1985	86,665,000	342,000
1984	124,776,000	7,506,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	12,327,841	$ 0.36
1987	12,053,423	0.22
1986	9,008,678	—
1985	11,056,808	0.03
1984	10,948,695	0.69

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 38,219,000	$ 3.10
1987	35,184,000 †	2.92
1986	32,137,000 †	3.57
1985	41,631,000 †	3.77
1984	40,318,000 †	3.68

† After allowing for preferred stock at liquidation value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*
(000's)

Year ended	10/29/88	10/31/87
Net sales	$ 144,344	$ 124,255
Cost of sales	118,360	103,328
Expenses	17,141	15,039
Interest income	(471)	(585)
Interest expense	1,913	1,837
Income before taxes	$ 7,401	$ 4,636
Income taxes	2,913	2,040
Net Income	$ 4,488	$ 2,596

* Included in Costs and Expenses, Deprecation and Amortization: $11,339,000 in 1988 and $9,652,000 in 1987.

Assets
(000's)

As of	10/29/88	10/31/87
Cash & short-term invest.	$ 8,493	$ 11,873
Accts. receiv., net	17,252	14,660
*Inventories	9,864	9,456
Prepaid expenses	1,593	832
Current Assets	$ 37,202	$ 36,821
#Fixed assets	39,866	33,816
Other assets	1,092	736
Total Assets	$ 78,160	$ 71,373

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$	6,416	$	5,101
Accts. payable		9,005		10,109
Accrued payroll		4,759		3,820
Other accruals		1,742		2,353
Income taxes		—		212
Curr. Liabilities	$	21,922	$	21,595
Long-term debt & cap. lease oblig.		16,466		13,995
Deferred inc. taxes		1,553		597
+Preferred stock		—		2
++Common stock		542		451
Add. paid-in capital		22,775		20,686
Deferred compensation		(4,485)		(3,267)
Retained earnings		19,387		17,343
Note receivable for stock issued		—		(29)
Total Liabilities & Shareholders' Equity	$	78,160	$	71,373

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.10 dividend, noncumulative.
++ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales		5.13		3.73
%Net Income to Sales		3.11		2.09
%Net Income to Equity		11.74		7.38
Sales to Inventories		14.63		13.14
Debt to Equity		0.60		0.54
Working Capital	$	15,280,000	$	15,226,000
Current Ratio		1.70		1.71
Shareholders' Equity	$	38,219,000	$	35,186,000

Halliburton Company

3600 Lincoln Plaza
500 North Akard Street
Dallas, Texas 75201-3391
(214) 978-2600

Officers: Thomas H. Cruikshank, president & chief exec. officer; Dale P. Jones, exec. v.p.-oil field services; Lester L. Coleman, exec. v.p.-finance & corp. development; Guy T. Marcus, v.p.-investor relations; C. Robert Fielder, treasurer; Robert M. Kennedy, v.p.-legal; Jack R. Skinner, v.p.-taxes; Don P. Woosley, v.p.-corp. development; James R. Flow, controller; Susan S. Keith, secretary.

Directors: Anne L. Armstrong, Thomas H. Cruikshank, James W. Glanville, Guy T. McBride, Jr., E.L. Williamson, Edwin L. Cox, T. Louis Austin, Jr., Robert L. Crandall, F. James McDonald, The Rt. Hon. Lord Clitheroe , Robert W. Campbell, Dale P. Jones.

Divisions and Subsidiaries:

Oil Field Services Group

Halliburton Services Division
2700 Post Oak Boulevard
Suite 2000
Houston, Texas 77056
(713) 840-2700
Oil field services and products.

Otis Engineering Corporation
P.O. Box 819052
Dallas, Texas 75381
Specialized equipment and services for the completion, production and control of oil and gas wells.

Halliburton Logging Services, Inc.
P.O. Box 42800
Houston, Texas 77242
(713) 496-8100
Computerized wireline well logging and jet perforating services and equipment.

Halliburton Resource Management Division
P.O. Box 1411
Dallas, Texas 75221
(214) 954-6100
Renting equipment for compression, gas processing and production.

Halliburton Reservoir Services Division
P.O. Box 721110
Houston, Texas 77272
(713) 561-1450
Well testing and reservoir evaluation services.

Halliburton Geophysical Services, Inc. (60%-owned)
P.O. Box 36306
Houston, Texas 77236
(713) 774-7561
Geophysical contracting services.

Jet Research Center, Inc.
P.O. Box 246
Arlington, Texas 76004
(817) 483-0933
Explosive products and services for petroleum, marine and defense/aerospace industries.

Vann Systems
P.O. Box 4449
Houston, Texas 77210
(713) 492-8787
Provides tubing-conveyed systems for completing and perforating oil and gas well and sand control services.

Halliburton Geodata Ltd.
P.O. Box 37
Aberdeen, Scotland
224-770-355
Measurement-while-drilling and surface data logging services.

Engineering and Construction Services Group

Brown & Root, Inc.
P.O. Box 3
Houston, Texas 77001
(713) 676-3011
Engineering and construction services.

Brown & Root (U.K.) Ltd.
B&R House
125 High Street
Colliers Wood
London SW19 2JR, England
441-540-8300

NUS Corporation
910 Clopper Road
P.O. Box 6032
Gaithersburg, Maryland 20877
(301) 258-6000
Engineering and environmental consulting services for industry, utilities and government.

Enterprise Building Corporation
P.O. Box 42600
St. Petersburg, Florida 33742
(813) 573-2885

Taylor International, Inc.
4100 Clinton Drive
Houston, Texas 77020
(504) 394-6000
International undersea engineering, construction and salvage operations.

Insurance Services Group

Highlands Insurance Company
600 Jefferson Street
Houston, Texas 77002
(713) 659-5541
Casualty, property, surety, and marine insurance.

Life Insurance Company of the Southwest
1300 West Mockingbird Lane
P.O. Box 569080
Dallas, Texas 75356
(214) 638-7100
Life, health and accident insurance.

Health Economics Corporation
1300 West Mockingbird Lane
Dallas, Texas 75247
(214) 905-4400
Health care cost containment services.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
P.O. Box 3904
Church Street Station
New York, New York 10008

Central Trust Company
P.O. Box 38
1 First Canadian Place
Toronto, Ontario M5X 1G4, Canada

NCNB Texas National Bank
Corporate Trust
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): New York, London, Toronto, Zurich, Geneva, Basel, Lausanne.

Ticker Symbol: HAL

Number of Employees:

1988	61,400
1987	48,600
1986	46,909
1985	65,000
1984	68,000

Sales & Earnings

		Net Revenues (000's)		Net Income † (000's)
1988	$	4,838,700	$	93,600
1987		3,830,300		48,100
1986		3,909,000		(515,200)
1985		5,103,100		(339,300)
1984		5,678,600		329,600

	No. of Com. Share ‡		Earn. per Share † ‡
1988	105,700,000	$	0.89
1987	105,900,000		0.45
1986	106,100,000		—
1985	108,600,000		—
1984	114,900,000		2.87

(Loss)
† Including extraordinary loss of $368,012,000 ($2.85 per share) in 1985.
‡ Based on the average number of shares outstanding.

Revenues by Line of Business

		1988 (000's)		1987 (000's)
Oil field services and products	$	2,173,000	$	1,549,200
Industrial engineering/ construction services		2,152,300		1,818,400
Insurance services		513,400		462,700
Total	$	4,838,700	$	3,830,300

Common Stock

		Cash Dividend	Stock Dividend	Stock Split
1988	$	1.00	—	—
1987		1.00	—	
1986		1.20	—	—
1985		1.80	—	—
1984		1.80	—	—

Common Stock Equity

		Total Equity (000's)		Equity Per Share
1988	$	2,107,200	$	19.80
1987		2,080,500		19.76
1986		2,150,200		20.30
1985		2,859,900		26.32
1984		3,385,600		31.20

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net revenues	$ 4,838,700	$ 3,830,300
Cost of sales	4,451,200	3,590,300
Expenses	234,700	188,800
Interest expense	59,400	61,600
Interest income	(51,000)	(63,200)
For. curr. gains	(4,600)	(4,500)
Other income	(2,500)	(1,200)
Income bef. taxes	$ 151,500	$ 58,500
Income taxes	68,800	12,700
Minority interest	(1,900)	(2,300)
Cum. effect of acct. change	(9,000)	—
Net Income	$ 93,600	$ 48,100

* Included in Costs and Expenses, Depreciation: $212,700,000 in 1988 and $215,100,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 344,600	$ 631,100
Short-term securities	1,105,000	933,500
Mortg. loans	114,800	95,800
Other investments	28,700	31,200
Accts. & notes receiv., net	1,095,600	948,400
Unbilled work on uncompleted contracts	117,500	109,200
Refundable income taxes	55,100	75,400
*Inventories	382,300	228,400
Equity in & adv. to related comp.	244,500	208,800
#Fixed assets	964,400	875,200
Other assets	269,700	135,300
Total Assets	$ 4,722,200	$ 4,272,300

Liabilities
(000's)

	1988	1987
Notes payable	$ 17,300	$ 29,900
Accts. payable	377,300	311,100
Advance billings	114,600	150,300
Unearned insur. premiums	52,600	57,000
Res. for insur. losses	1,040,000	836,500
Income taxes	144,500	157,000
Long-term debt	199,600	199,700
Minority interest	28,500	11,900
Other liab.	640,600	438,400
+ Common stock	298,400	298,000
Add. paid-in capital	129,900	134,500
Cum. trans. adjust.	11,500	—
Net unreal. losses on insur. subsid. invest.	(200)	(1,000)
Retained earnings	2,052,300	2,064,300
Treasury stock	(384,700)	(415,300)
Total Liabilities & Shareholders' Equity	$ 4,722,200	$ 4,272,300

* At cost which is not in excess of market.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Revenues	3.13	1.53
%Net Income to Revenues	1.93	1.26
%Net Income to Equity	4.44	2.31
Debt to Equity	0.10	0.11
Shareholders' Equity	$ 2,107,200,000	$ 2,080,500,000

Hamilton Digital Controls, Inc.

2118 Beechgrove Place
Utica, New York 13501-1798
(315) 797-2370

Officers: Edward Zacaroli, chairman of the board & secretary; Robert I. Trachtenberg, president & chief exec. officer; Ralph M. Risley, treasurer, v.p.-finance & asst. secretary.

Directors: Edward Zacaroli, chairman; Eugene J. Hickey, Harold Julian, Charles Gaetano, Robert E. Trachtenberg.

Areas of Work: Engaged in the design and manufacture of magnetic recording heads for use by original equipment manufacturers of computer systems and related peripheral equipment.

Subsidiaries:

Hamilton Digital Controls Properties, Inc.

Mobydata, Inc.

Transfer Agent(s):

Registrar and Trust Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	193
1987	125
1986	108
1985	212
1984	166

Plant Footage:

1988	49,000 sq. ft.
1987	49,000
1986	49,000
1985	49,000
1984	49,000

Sales & Earnings

	Net Sales	Net Income
1988	$ 5,605,781	$ 502,960
1987	4,296,907	105,777
1986	3,412,911	(670,559)
1985	5,225,436	(636,317)
1984	4,507,173	(1,772,440)

	No. of Com. Shares #	Earn. per Share #
1988	1,803,466	$ 0.28
1987	1,704,860	0.06
1986	1,673,390	—
1985	1,353,727	—
1984	1,350,552	—

(Loss)
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 43,411	$ 0.02
1987	(480,184)	—
1986	(590,461)	—
1985	69,714	0.05
1984	469,840	0.35

(Deficiency)
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended April 30	1988	1987
Net sales	$ 5,605,781	$ 4,296,907
Cost of sales	4,018,651	3,102,788
Expenses	762,070	699,705
Interest expense	398,090	388,637
Inc. bef. cum. effect of accntng. change	$ 426,970	$ 105,777
Cum. effect of accntng. change	(75,990)	—
Net Income	$ 502.960	$ 105,777

* Included in Costs and Expenses, Depreciation and Amortization: $247,996 in 1988 and $262,343 in 1987.

Assets

As of April 30	1988	1987
Cash	$ 15,029	$ 57,349
Market investments	63,506	36,156
Receiv., net	1,130,705	608,783
* Inventories	1,715,066	1,421,007
Prepaid expenses	53,874	48,959
Current Assets	$ 2,978,180	$ 2,172,254
#Fixed assets	1,842,411	1,942,867
Other assets	39,549	48,510
Total Assets	$ 4,860,140	$ 4,163,631

Liabilities

	1988	1987
Notes payable	$ 1,126,257	$ 824,754
Long-term debt, curr.	491,549	238,745
Accounts payable	261,562	324,407
Accruals	270,372	215,049
Curr. Liabilities	$ 2,149,740	$ 1,602,955
Long-term debt	2,531,989	2,935,860
Long-term liab.	135,000	105,000
+ Common stock	43,850	42,830
Add. paid-in capital	2,352,871	2,333,256
Retained earnings (deficit)	(2,353,310)	(2,856,270)
Total Liabilities & Shareholders' Equity	$ 4,860,140	$ 4,163,631

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.02 1/2 par value.

Statistical Summary

	1988	1987
%Net Income to Sales	8.97	2.46
Sales to Inventories	3.27	3.02
Working Capital	$ 828,440	$ 569,299
Current Ratio	1.39	1.36
Shareholders' Equity (Deficiency)	$ 43,411	$ (480,184)

Hanson Plc

1 Grosvenor Place
London SW1X 7JH, England
(01) 245-1245

Directors: Lord Hanson, chairman; D.N. Rosling, vice chairman; M.G. Taylor, vice chairman; B.A. Hellings, A. Hagdrup, A.G.L. Alexander, C.G.F. Harding, J.H. Pattisson, D.C. Bonham, Gordon Booth, Sir, H.G. Ashton, D.H. Clarke, associate director; A.R. Cotton, associate director; P.J. Harper, associate director; R.S. Fulford, associate director; Y.M. Newbold, secretary.

Areas of Work: Through its subsidiaries in the United Kingdom and United States, the Company manufactures portable electronic typewriters and word processors, incandescent and fluorescent lighting fixtures, jacuzzis, hydraulic cranes, automotive heaters and air-conditioning systems, domestic credit gas meters, living flame gas fires and gas fired wall heaters, wiring accessories and circuit breakers, dry cell batteries; moulded components, custom machined parts, and powdered metals and specialty materials, all for the automotive industry; production equipment for the oil and gas industries, cement, textile products, footwear, tobacco, bricks, lumber, wood windows and doors, garden and industrial tools, office furniture, metal snap fasteners, paper forms and supplies, pre-engineered metal buildings, food products, and titanium dioxide, a white pigment used in the manufacture of a variety of products. The Company also operates Allders Department Stores in the United Kingdom, 215 Ground Round restaurants in the United States, and duty- and tax-free shops at airports in Canada and Australia.

Subsidiaries:

CONSUMER-U.K.

Imperial Tobacco Limited
P.O. Box 244
Hartcliffe BS99 7UJ Bristol
(0272) 781111
Cigarettes, cigars, pipe and hand-rolling tobacco.

British Ever Ready Limited
93 Burleigh Gardens
Southgate, London N14 5AQ
(01) 882-8661
Dry cell batteries.

Allders Limited
84 Southampton Road
Eastleigh, Hants
(0703) 644599
Operates department stores and duty- and tax-free shops.

CONSUMER-U.S.A.

Carisbrook Industries Inc. (Yarn)
1114 Avenue of the Americas
New York, New York 10036
(212) 398-1180
Yarns, soft furnishings and apparel.

Carisbrook Industries Inc. (Fabric)
1185 Avenue of the Americas
New York, New York 10036
(212) 536-0200
Specialty fabrics and textile finishing machinery.

Smith Corona Corporation
65 Locust Avenue
New Canaan, Connecticut 06840
(203) 972-1471
Portable typewriters and word processors.

Hanson Housewares Group
3 Speen Street
Suite 350
Farmingham, Massachusetts 01701
(508) 872-6514
Farberware cookware and small kitchen appliances; Tucker plastic housewares; Rexair vacuum cleaners; Spartus clocks; Teters artificial floral products.

Hanson Recreation and Leisure Group
4600 Southwest 41st Boulevard
Gainesville, Florida 32601
(904) 376-6115
Tommy Armour golf equipment and apparel; Universal physical conditioning and weight training equipment; Valley pool tables and electronic dart games; Bear archery equipment; Ertl die cast toys and model kits.

Endicott Johnson Corporation
1100 East Main Street
Endicott, New York 13760
(607) 757-4000
Manufactures and retails a wide range of footwear.

BUILDING PRODUCTS-U.K.

London Brick Company Limited
Marston Road, Marston Morteyne
Bedford MK43 OPP England
(0525) 405858
Fletton bricks.

Butterley Brick Limited
Wellington Street
Ripley, Derby DE5 3DZ
(0773) 570570
Non-fletton bricks.

BUILDING PRODUCTS-U.S.A.

Hanson Lighting Group
1231 Doolittle Drive
San Leandro, California 94577
(415) 562-3500
Fluorescent and incandescent lighting products.

Kaiser Cement Corporation
350 Lakeside Dr.
Oakland, California 94612
(415) 271-2000
Cement and aggregate products.

Hanson Building Products
Camden and Broadway Avenues
Parkersburg, West Virginia 26101
(304) 424-3000
Windows, building materials, garden and industrial hand tools.

INDUSTRIAL-U.K.

Lindustries Limited
Southgate House
Stevenage, Herts SG1 1HG
(0438) 365461
Electrical, automotive, engineering and gas products.

SLD/Barbour Campbell
Southgate House
Stevenage, Herts SG1 1HG
(0438) 728387
Textile products and construction services.

Hanson Engineering
Southgate House
Stevenage, Herts SG1 1HG, England
(0438) 742225
Engineering and heating appliance companies including Berry Magicoal and Robinson Willey.

INDUSTRIAL-U.S.A.

Office Group America
114 Churchill Avenue, N.W.
Leeds, Alabama 35094
(205) 699-5181
Office furniture.

SCM Chemicals Inc.
7 Saint Paul Street, Suite 1010
Baltimore, Maryland 21202
(301) 783-1120
Pigments and related chemicals.

SCM Chemicals Limited (UK)
P.O. Boxs 26, Grimsby
South Humberside DN37 8DP
(0469) 571000
Pigments.

Weber Aircraft Inc.
2820 Ontario Street
Burbank, California 91504
(818) 848-5543
Aircraft seating and interior galleys and lavatories.

Hanson Office Products Dealer Group
35 Melanie Lane
Whippany, New Jersey 07981
(201) 386-8900
Furniture and office supply distribution.

Grove Manufacturing Company
1565 Buchanan Trail E.
Shady Grove, Pennsylvania 17256
(717) 597-8121
Mobile hydraulic and truck mounted cranes; aerial access equipment.

FOOD U.K.
Imperial Foods Limited
22 Stewartby Way
Stewartby, Bedford MK43 9LZ,
(0234) 768633
Confectionery and health products.

FOOD-U.S.A.

Hygrade Food Products Corporation
26877 Northwestern Highway, Suite 400
Southfield, Michigan 48034
(313) 355-1100
Processed meats.

Ground Round Inc.
541 Main Street
South Weymouth, Mississippi 02910-1898
(617) 331-7005
Family restaurants.

Transfer Agent(s)*:

Citibank, N.A.
ADR Department
111 Wall Street, 5th Floor
New York, New York 10043
* American Depositary Receipt.

Stock Exchange(s): London, New York*, Zurich, Basel, Geneva, Paris

Ticker Symbol: HAN (New York)* *Trades as an American Depositary Receipt (ADR). Each ADR represents 5 Hanson ordinary shares.

Number of Employees:

1988	105,000	1987	120,000

Sales & Earnings

	Net Sales (000's)	Net Income †+ (000's)
1988	£ 7,396,000	£ 880,000
1987	6,682,000	741,000
1986	4,312,000	464,000
1985	2,674,000	253,000
1984	2,382,000	169,000

	No. of Com. Share ‡	Earn. per Share ‡ #
1988	3,826,437,207	15.9p
1987	3,577,232,668	14.0
1986	N.A.	10.7
1985	N.A.	7.9
1984	N.A.	5.7

£ - pound sterling
N. A. - Not Available.
† Before taxes.
+ Including extraordinary gains of £ 445,000,000 in 1988 and £ 5,000,000 in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.
# Fully diluted.

Revenues By Line of Business
(000's)

	1988	1987
U.K.:		
Consumer	£ 3,190,000	£ 3,200,000
Bldg. products	309,000	246,000
Industrial	507,000	375,000
Food	190,000	182,000
U.S.A.:		
Consumer	804,000	528,000
Bldg. products	641,000	408,000
Industrial	1,335,000	620,000
Food	420,000	398,000
Discontinued operations	—	725,000
Total	£ 7,396,000	£ 6,682,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	6.8p	—	—
1987	4.4	—	
1986	3.2	—	—
1984	1.8	—	—
1985	2.4	—	—

Common Stock Equity

	Total Equity (000's)	Equity ‡ Per Share
1988	£ 2,339,000	61.1p
1987	1,879,000	52.5
1986	1,588,000	—
1985	1,125,000	—
1984	411,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Sept. 30	1988	1987
Net sales	£ 7,396,000	£ 6,682,000
Changes in inventories	115,000	12,000
Raw materials	4,301,000	4,243,000
Employment costs	1,169,000	911,000
Depreciation	127,000	105,000
Other charges	888,000	767,000
Share of profits of rel. cos.	(6,000)	(7,000)
Interest expense	287,000	300,000
Interest income	(365,000)	(390,000)
Income before taxes	£ 880,000	£ 741,000
Income taxes	204,000	169,000
Net Income	£ 676,000	£ 572,000
Extraord. gain	445,000	—
Net Income & extraord. gain	£ 1,121,000	£ 572,000

Assets
(000's)

As of Sept. 30	1988	1987
Cash	£ 3,918,000	£ 2,980,000
*Stocks	1,071,000	832,000
Debtors	1,227,000	1,123,000
Listed investments	42,000	79,000
Current Assets	£ 6,158,000	£ 5,014,000
Investments	178,000	178,000
#Fixed assets	1,476,000	1,183,000
Total Assets	£ 7,812,000	£ 6,375,000

Liabilities
(000's)

Debenture loans	£ 102,000	£ 109,000
Bank loans & overdrafts	774,000	574,000
Trade creditors	457,000	353,000
Other creditors	934,000	935,000
Dividends	196,000	112,000
Curr. Liabilities	£ 2,463,000	£ 2,083,000
Convertible loans	930,000	1,073,000
Debenture loans	226,000	256,000
Bank loans	968,000	398,000
Provisions for liabilities	886,000	686,000
+Preferred stock	147,000	149,000
++Common stock	957,000	894,000
Add. paid-in capital	145,000	25,000
Revaluation reserve	218,000	17,000
Retained earnings	872,000	794,000
Total Liabilities & Shareholders' Equity	£ 7,812,000	£ 6,375,000

* At lower of cost (FIFO) and net realizable value.
# Less accumulated depreciation.
+ £ 1 par value; 5.75% convertible cumulative redeemable.
++ 25p par value.

Statistical Summary

% Income bef. Taxes to Sales	11.90	11.09
% Net Income to Sales	9.14	8.56
% Net Income to Equity	28.90	30.44
Sales to Inventories	6.91	8.03
Debt to Equity	1.28	1.28
Working Capital	£3,695,000,000	£2,931,000,000
Current Ratio	2.50	2.41
Shareholders' Equity	£2,339,000,000	£1,879,000,000

Harris Corporation

1025 W. NASA Boulevard
Melbourne, Florida 32919
(407) 727-9100

Officers: John T. Hartley, Jr., chairman, president & chief exec. officer; Frank J. Lewis, sr. v.p.; Jon E. Cornell, sr. v.p. & sector executive; James R. Oyler, sr. v.p. & sector executive; Guy W. Numann, sr. v.p & sector executive; Phillip W. Farmer, sr. v.p. & sector executive; Bryan R. Roub, sr. v.p.-finance; Robert E. Sullivan, sr. v.p.-administration; David S. Wasserman, v.p.-taxes; Herbert N. McCauley, v.p.-information management; Fayette Brown, III, v.p.-corp. development; Ricardo A. Diaz, v.p.-manufacturing programs; W. Peter Carney, v.p.-corp. relations; Nick E. Heldreth, v.p.-human resources; John A. Hubner, v.p. and controller; Robert W. Fay, v.p. & treasurer; O.W. Hudson, secretary.

Directors: John T. Hartley, chairman of the board; Joseph A. Boyd, chairman of the exec. committee; Ralph D. DeNunzio, C. Jackson Grayson, Jr., Lester E. Coleman, Walter F. Raab, James W. Wilcock, George I. Meisel, Gene W. Milner, Robert Cizik.

Areas of Work: Designs, manufactures, installs and maintains equipment and systems for the communication and information processing industry. Products include satellite communications systems, radio and TV transmitters, two-way radios, data terminals and controllers, microwave transmission systems, digital PABX system, medium-scale computers, utility control systems, integrated circuits, automated testing equipment, newspaper editing and composing systems, printing presses and binding equipment.

Divisions and Subsidiaries:

INFORMATION SYSTEMS SECTOR

Controls and Composition
407 John Rodes Boulevard
Melbourne, Florida 32901
(407) 242-4000
Electronic systems and terminals for news editing and advertising preparation, computerized phototypesetters, hot-metal linecasters, photo discs and type matrices, utility, pipeline, railroad and industrial control systems; data acquisition and processing equipment.

Computer Systems
2101 Cypress Creek Road
Fort Lauderdale, Florida 33309
(305) 974-1700
High-performance super-minicomputers, super-microcomputers, engineering workstations, peripherals and applications software.

Data Communications
16001 Dallas Parkway
P.O. Box 3399
Dallas, Texas 75248-3399
(214) 386-2000
Interactive-display, remote-batch, distributed-processing and network-communications systems.

Customer Support Division
16001 Dallas Parkway
Dallas, Texas 75248-3399
(214) 386-2000
Service and support of Harris and third-party information products.

Information Systems International
1025 W. NASA Boulevard
Melbourne, Florida 32919
(407) 727-9100
International sales, service and support of Harris Information Systems Sector products.

Lanier Business Systems
2310 Parklake Drive, N.E.
Atlanta, Georgia 30345
(404) 270-2000
Document-processing systems, legal and medical office systems.

Lanier Voice Products
1700 Chantilly Drive, N.E.
Atlanta, Georgia 30324
(404) 329-8000
Portable, desktop and large-capacity central analog and digital dictation systems; private branch exchanges; electronic key systems; voice-logging and recording systems; facsimile-transmission products.

Scientific Calculations, Inc.
7796 Victor-Mendon Road
Fishers, New York 14453
(716) 924-9303
Design-automotion systems for printed-circuit boards and integrated circuits.

COMMUNICATIONS SECTOR

Broadcast
3200 Wisman Lane
Quincy, Illinois 62305
(217) 222-8200
Radio and TV transmitters, studio equipment, automation systems and antennas, color TV cameras, video links, digital video systems.

Allied Broadcast Equipment Corporation
P.O. Box 1487
Richmond, Indiana 47375
(317) 962-8596
Worldwide distributor and systems installer for more than 300 studio and transmission equipment manufacturers for the radio broadcast industry.

Video Systems
960 Linda Vista Avenue
Mountain View, California 94043
(415) 969-9100
Video signal processing equipment, digital still-store systems and video graphics workstation products.

Digital Telephone Systems
300 Bel Marin Keys Blvd.
Novato, California 94949
(415) 382-5000
Digital voice and data network switches, PBXs and telephone sets.

Dracon
809 Calle Plano
Camarillo, California 93010
(805) 987-9511
Power supplies, equipment racks, and other auxiliary telephone equipment; voice-paging systems; telephone lineman's test instruments and tools.

Farinon
1691 Bayport Avenue
San Carlos, California 94070
(415) 594-3000
Farinon Electric: Microwave radios and multiplexers for voice, video and data communications systems. Farinon Video: Microwave studio transmitter links and electronic news-gathering links for broadcast and cable TV systems.

RF Systems
1680 University Avenue
Rochester, New York 14610
(716) 244-5830
Long range and short range two-way radio equipment and systems, mobile and fixed-base, for commercial, industrial, government and military applications.

Long Range Radio
1680 University Avenue
Rochester, New York 14610
(716) 244-5830
HF, VHF and UHF radio equipment and systems for military and commercial users.

SEMICONDUCTOR SECTOR

Military and Aerospace
P.O. Box 883
Melbourne, Florida 329022
(407) 724-7000
Standard, semicustom and custom products for military and government use.

Worldwide Manufacturing
P.O. Box 883
Melbourne, Florida 32902
(407) 724-7000
Manufacturing services for semiconductor divisions.

Commercial Products Group
P.O. Box 883
Melbourne, Florida 32902
(407) 724-7000

Signal Processing Products Division
Analog linear and data conversion products for signal-processing and control applications.

Digital Products Division
Digital microprocessors, microcontrollers, and logic for commercial markets.

Discrete Power Products Division
Power MOSFETs, COMFETs, rectifiers, and bipolar discrete devices.

Harris Microwave Semiconductor
1530 McCarthy Blvd.
Milpitas, California 95035
Gallium arsenide microwave devices and integrated circuits; hybrid microwave amplifiers.

GOVERNMENT SYSTEMS SECTOR

Washington Operations
Harris Parkway Bldg.
1201 E. Abingdon Drive, Suite 500
Alexandria, Virginia 22314
(703) 836-4600
Systems engineering and technical assistance for the government information technology market.

Government Communication Systems
P.O. Box 91000
Melbourne, Florida 32902
(407) 727-4000
Terrestrial and satellite communication systems/networks for command, control and intelligence systems for the Department of Defense and other government agencies.

Government Information Systems
P.O. Box 98000
Melbourne, Florida 32902
(407) 984-5500
Ground-based custom systems and software designed to collect, store, retrieve, process, analyze, display and distribute information of all types.

Government Support Systems
6801 Jericho Turnpike
Syosset, New York 11791
(516) 677-2000
Computer-controlled electronic test, maintenance, logistic and simulation systems for military aircraft, ships and ground vehicles.

Government Aerospace Systems
P.O. Box 94000
Melbourne, Florida 32902
(407) 727-4000
Custom command, control, communication and intelligence aerospace systems for Department of Defense and NASA.

Government Electronic Systems
P.O. Box 96000
Melbourne, Florida 32902
(407) 727-4000
Custom-integrated multimedia telecommunication networks utilizing state-of-the-art communications and information- processing technologies.

Government Support Systems
12249 Science Drive
Orlando, Florida 32826
(407) 380-3700
Application software for automated test equipment; simulation and training systems for military operation and maintenance training.

HARRIS SERVICES SECTOR

Harris Data Services Corporation
1201 E. Abingdon Drive, Suite 500
Alexandria, Virginia 22314
(703) 739-1885
On-site software engineering support and systems development for the U.S. government and its prime contractors.

Harris Technical Services Corporation
1201 E. Abingdon Drive, Suite 310
Alexandria, Virginia 22314
(703) 739-1990
Repair and calibration of electronic/avionics systems and support equipment for the U.S. government.

Transfer Agent(s):

The AmeriTrust Company N.A.
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York, Boston, Midwest, Pacific, Philadelphia

Ticker Symbol: HRS

Number of Employees:

1988	22,600
1987	24,300
1986	26,700
1985	31,000
1984	30,000

Plant Footage:

1988 ...... 7,494,000 sq. ft.

Sales & Earnings

	Revenues +	Net Income
1988	$ 2,063,000,000	$ 100,472,000
1987	2,079,000,000	84,502,000
1986	2,216,600,000	59,609,000
1985	2,281,220,000	80,287,000
1984	1,995,802,000	80,410,000

	No. of Com. Shares #	Earn. per Share #
1988	40,172,000	$ 2.50
1987	41,206,000	2.05
1986	40,255,000	1.48
1985	40,198,000	2.00
1984	39,817,000	2.02

+ Includes sales, rental and services.
# Based on the average number of shares outstanding.

Revenues by Line of Business

	1988	1987
Information syst.	$ 587,800,000	$ 614,200,000
Communications	383,100,000	387,400,000
Semiconductor	299,200,000	284,700,000
Gov't syst.	792,500,000	792,700,000
Total	$ 2,062,600,000	$ 2,079,000,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.88	—	—
1987	0.88	—	
1986	0.88	—	—
1985	0.88	—	—
1984	0.88	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 972,171,000	$ 24.94
1987	984,271,000	23.64
1986	900,841,000	22.37
1985	867,484,000	21.56
1984	818,091,000	20.48

Income Account *
(000's)

Year ended June 30	1988	1987
Revenues	$ 2,062,557	$ 2,078,964
Other income	9,745	10,447
Equity income	27,001	23,833
Total revenues	$ 2,099,303	$ 2,113,244
Cost of revenues	1,374,340	1,362,954
Expenses	602,987	610,600
Interest expense	18,093	19,551
Other expense (income)	17,356	(2,259)
Income before taxes	$ 86,527	$ 122,398
Income taxes	21,140	37,896
Cum. effect of acct. change	(35,085)	—
Net Income	$ 100,472	$ 84,502

* Included in Costs and Expenses, Depreciation: $128,049,000 in 1988 and $139,755,000 in 1987.

Assets
(000's)

As of June 30	1988	1987
Cash	$ 38,253	$ 88,159
Short-term securities	53,793	87,297
Accts. & notes receiv., net	384,183	376,478
Unbilled costs	257,424	267,779
* Inventories	232,286	263,049
Current Assets	$ 965,939	$ 1,082,762
Rental equip.	45,144	52,478
# Fixed assets	428,173	466,829
Other assets	204,463	194,338
Total Assets	$ 1,643,719	$ 1,796,407

Liabilities
(000's)

Short-term debt	$ 662	$ 1,120
Long-term debt, curr.	4,807	10,857
Accts. payable	97,703	121,607
Compensation & accruals	104,575	104,466
Other accruals	77,414	72,921
Advance payments	67,516	61,222
Unearned leasing & serv. inc.	49,519	50,661
Income taxes	75,543	136,332
Curr. Liabilities	$ 477,739	$ 559,186
Deferred inc. taxes	51,712	106,961
Long-term debt:		
7 3/4% Deben.	16,050	16,050
11 1/2% Deben.	110,950	110,950
Other debt	15,097	18,989
+Common stock	41,765	41,683
Add. paid-in capital	165,539	163,152
Retained earnings	841,232	776,078
Cum. trans. adj.	7,627	3,574
Treasury stock	(83,992)	(216)
Total Liabilities & Shareholders' Equity	$ 1,643,719	$ 1,796,407

* At lower of cost (average and FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	4.20	5.89
% Net Income to Sales	4.87	4.06
% Net Income to Equity	10.33	8.59
Debt to Equity	0.15	0.16
Working Capital	$ 488,200,000	$ 523,576,000
Current Ratio	2.02	1.94
Shareholders' Equity	$ 972,171,000	$ 984,271,000

Hathaway Corporation

350 Interlocken Parkway
Suite 200
Broomfield, Colorado 80020-3426
(303) 460-1500

Hathaway Corporation

Officers: Eugene E. Prince, chairman of the board, president & chief exec. officer; A. J. Hintze, vice chairman; Richard D. Smith, v.p.-finance, asst. secretary, treasurer & chief financial officer; Richard G. Snow, Jr., secretary & corp. counsel; Herbert G. Franson, asst. treasurer & corp. controller; James D. Campbell, v.p. & pres.-Hathaway Systems Corporation; Ronald J. Kupferman, v.p. & pres.-Global Software, Inc.; Frederick G. Dilger, v.p. & exec. v.p.-Global Software, Inc..

Directors: A. J. Hintze, Bruce B. Brundage, Eugene E. Prince, Marvin J. Fein, Harold Y. Sampson.

Areas of Work: Designs, produces and markets computer software, electro-mechanical components, electronic systems and instrumentation for world markets. In addition, the Company provides leasing of small ticket office automation equipment primarily for the Colorado market.

Divisions and Subsidiaries:

Motor Products Division
Owasso, Oklahoma

Hathaway Systems Corporation

Hathaway/Denver
Denver, Colorado

Data Capture Technology
Tulsa, Oklahoma

Hathaway Peripherals Hong Kong Ltd.
Hong Kong

Global Software, Inc.
Raleigh, North Carolina

Beta Products, Inc.
Dallas, Texas

Inlab, Inc.
Broomfield, Colorado

Computer Optical Products, Inc.
Chatsworth, California

Systems Northwest, Inc.
Seattle, Washington

First Centennial Leasing Corp.
Denver, Colorado

Transfer Agent(s):

Bank of America, N.T. & S.A.
Corporate Agency Service Center
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HATH (NASDAQ)

Number of Employees:

1988	512	1985	609
1987	N.A.	1984	400
1986	485		

Plant Footage:

1988	154,600 sq. ft.	1985	167,951
1987	N.A.	1984	113,751
1986	221,582		

N.A. - Not Available.

Sales & Earnings +

	Net Sales †	Net Income	No. of Com. Shares x	Earn. per Share #
1988	$ 46,021,000	$ (3,558,000)	4,049,766	$ —
1987	45,751,000	1,173,000	3,882,744	0.30
1986	42,004,000	(47,000)	3,764,530	—
1985	36,449,000	4,005,000	3,564,331	1.09
1984	17,589,000	2,120,000	2,313,153	0.59

(Loss)
+ Restated to reflect adoption of SFAS No. 91 which requires capitalization of initial direct lease acquisition costs as part of the gross investment in leases and amortization of such costs over the term of the underlying leases.
† Of continuing operations only.
x Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Software products	$ 20,062,000	$ 21,057,000
Electronic products	25,959,000	24,694,000
Total	$ 46,021,000	$ 45,751,000

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 0.10	—	—
1987	0.10	—	
1986	0.20	—	—
1985	0.133	—	3-for-2
1984	0.120	—	—

# Adjusted to reflect stock split.

Common Stock Equity x

	Total Equity	Equity Per Share +
1988	$ 10,921,000	$ 2.70
1987	14,223,000	3.66
1986	13,301,000	3.53
1985	12,662,000	3.55
1984	8,797,000	2.49

x Restated.
+ Adjusted to reflect stock split.

Income Account *

Year ended Jun. 30	1988	1987‡
Net sales	$ 46,021,000	$ 45,751,000
Cost of sales	18,446,000	14,555,000
Expenses	28,464,000	26,461,000
Amort. of software acq.	1,160,000	1,108,000
Interest exp.	1,422,000	1,074,000
Other amortization	1,166,000	1,183,000
Eq. in loss (inc.) of uncomsol. subsid.	236,000	(71,000)
Other expense (income)	256,000	(357,000)
Income (loss) bef. taxes	$ (5,129,000)	$ 1,798,000
Income taxes (credit)	(1,571,000)	625,000
Net Income (Loss)	$ (3,558,000)	$ 1,173,000

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $3,902,000 in 1988 and $3,009,000 in 1987.

Assets

As of Jun. 30	1988	1987‡
Cash	$ 3,968,000	$ 3,420,000
Marketable securities	309,000	413,000
Receiv., net	9,141,000	11,171,000
*Inventories	3,726,000	4,917,000
Income tax refund	634,000	466,000
Prepaid expenses	200,000	945,000
Current Assets	$ 17,978,000	$ 21,332,000
#Fixed assets	11,672,000	12,613,000
Investments held for resale	2,865,000	2,856,000
Intangibles	2,757,000	2,926,000
Other assets	1,563,000	1,918,000
Total Assets	$ 36,835,000	$ 41,645,000

Liabilities

	1988	1987‡
Notes payable	$ 486,000	$ 557,000
Long-term debt, curr.	2,132,000	1,129,000
Accts. payable	2,487,000	2,406,000
Accruals	3,682,000	4,220,000
Warranty reserve	837,000	328,000
Curr. Liabilities	$ 9,624,000	$ 8,640,000
Long-term debt	11,148,000	12,990,000
Def. software serv. inc.	5,142,000	4,082,000
Deferred inc. taxes	—	1,621,000
Deferred gain on sale	—	23,000
Minority interest	—	66,000
+Common stock	100,000	100,000
Add. paid-in capital	6,570,000	5,908,000
Retained earnings	4,362,000	8,313,000
Treasury stock	(111,000)	(98,000)
Total Liabilities & Shareholders' Equity	$ 36,835,000	$ 41,645,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	—	3.93
%Net Income to Sales	—	2.56
%Net Income to Equity	—	8.25
Debt to Equity	1.26	1.03
Working Capital	$ 8,354,000	$ 12,692,000
Current Ratio	1.87	2.47
Shareholders' Equity	$ 10,921,000	$ 14,223,000

HCC Industries

16311 Ventura Boulevard
Suite 1180
Encino, California 91436-2146
(818) 995-4131

Officers: Jack Goldfarb, chairman of the board; Andrew Goldfarb, chief exec. officer & president; Michael Pelta, vice chairman & pres.-Hermetic Sealing Group; Christopher H. Bateman, chief financial officer; Fredric Horowitz, secretary; Eugene E. Harrison, asst. secretary.

Directors: Jack Goldfarb, chairman; Michael Pelta, Andrew Goldfarb, Robert Goldstein, Eugene E. Harrison.

Areas of Work: Designs, manufactures and markets precision, hermetically sealed electronic connection devices for aerospace and military electronics, oil and gas, medical electronics, and test and measurement industries.

Subsidiaries:

Hermetic Seal Corporation
4232 Temple City Boulevard
Rosemead, California 91770

HCC Industries International
Beavern House
Victoria Road
Swindon, Wiltshire, United Kingdom

Glasseal Products, Inc.
485 Oberlin Avenue
Lakewood, New Jersey 08701

Sealtron, Inc.
9705 Reading Road
Cincinnati, Ohio 45215

Hermetite Corp.
485 Oberlin Avenue
Lakewood, New Jersey 08701

Transfer Agent(s):

City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HCCI (NASDAQ)

Number of Employees:

1988	740	1985	790
1987	880	1984	790
1986	933		

Plant Footage:

1988	121,000 sq. ft.	1985	276,000
1987	168,400	1984	275,000
1986	276,000		

Sales & Earnings

	Net Sales †	Net Income +
1988	$ 30,579,000	$ (6,876,000)
1987	35,552,000	(2,375,000)
1986	32,554,000	10,000
1985	25,262,000	1,039,000
1984	18,827,000	1,148,000

	No. of Com. Shares	Earn. per Share +‡
1988	1,668,810	$ —
1987	1,775,700	—
1986	1,775,700	0.01
1985	1,773,200	0.57
1984	1,911,200	0.60

(Loss)
† Of continuing operations only.
+ Including extraordinary losses of $95,000 in 1988 and $326,000 ($0.18 per share) in 1985.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.06	—	
1986	0.06	—	—
1985	0.06	—	—
1984	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 1,657,000	$ 0.99
1987	8,851,000	4.98
1986	11,332,000	6.38
1985	11,405,000	6.24
1984	11,554,000	6.05

Income Account *

Year ended	4/2/88	3/28/87
Net sales	$ 30,579,000	$ 35,552,000
Cost of sales	23,728,000	26,623,000
Expenses	7,487,000	8,344,000
Interest income	(622,000)	(305,000)
Eq. in loss of unconsol. subsid.	—	61,000
Prov. for loss on sale of prod. line	5,466,000	450,000
Loss before taxes	$ (7,466,000)	$ (1,723,000)
Tax credit	(685,000)	(695,000)
Loss - cont. oper.	$ (6,781,000)	$ (1,028,000)
Loss - discont. oper.	—	(1,347,000)
Net Loss	$ (6,781,000)	$ (2,375,000)
Extraord. loss	(95,000)	—
Net Loss & extraord. loss	$ (6,876,000)	$ (2,375,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,056,000 in 1988 and $1,065,000 in 1987.

Assets

As of	4/2/88	3/28/87
Cash	$ 3,522,000	$ 6,620,000
Accts. receiv., net	3,501,000	4,365,000
*Inventories	3,126,000	4,054,000
Net assets - prod. line held for sale	500,000	1,722,000
Net assets - discont. oper.	406,000	714,000
Notes receiv.	447,000	355,000
Current Assets	$ 11,502,000	$ 17,830,000
#Fixed assets	6,107,000	6,653,000
Other assets	3,425,000	8,012,000
Total Assets	$ 21,034,000	$ 32,495,000

Liabilities

Accts. payable	$ 1,074,000	$ 1,528,000
Accruals	4,491,000	4,157,000
Curr. Liabilities	$ 5,565,000	$ 5,685,000
Long-term debt	12,820,000	15,997,000
Adv. from unconsol. subsid.	992,000	1,962,000
+Common stock	167,000	178,000
Add. paid-in capital	2,325,000	2,632,000
Retained earnings (deficit)	(835,000)	6,041,000
Total Liabilities & Shareholders' Equity	$ 21,034,000	$ 32,495,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	9.78	8.77
Debt to Equity	7.74	1.81
Working Capital	$ 5,937,000	$ 12,145,000
Current Ratio	2.07	3.14
Shareholders' Equity	$ 1,657,000	$ 8,851,000

Healthdyne, Inc.

1850 Parkway Place, 12th Floor
Marietta, Georgia 30067
(404) 423-4500

Officers: Parker H. Petit, chairman of the board & chief exec. officer; J. Terry Dewberry, president & chief operating officer; J. Brent Burkey, sr. v.p., general counsel & corporate secretary; Donald R. Millard, v.p.-finance & chief financial officer; Yvonne V. Scoggins, v.p., controller, treasurer & asst. secretary.

Directors: Parker H. Petit, chairman of the board; J. Terry Dewberry, Brian D. Hogg, J. Paul Yokubinas, William J. Gresham, Jr., Alexander H. Lorch, Carl F. Sanders, Morris S. Weeden.

Areas of Work: Provides high-technology home-care medical services, including infusion therapy through its Home Nutritional Services subsidiary, home pregnancy monitoring and durable medical equipment, and manufactures home-care devices.

Subsidiary:

Home Nutritional Services, Inc.

Transfer Agent(s):

Trust Company Bank
Stock Transfer Dept.
P.O. Box 4625
Atlanta, Georgia 30302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HDYN (NASDAQ)

Number of Employees:

1988 1,200

Plant Footage:

1988 .... 77,000 sq. ft.

Sales & Earnings

	Revenues	Net Income †
1988	$ 101,228,000	$ (5,471,000)
1987	76,443,000	(5,500,000)
1986	108,654,000	(21,258,000)
1985	128,080,000	938,000
1984	138,210,000	(35,207,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1988	14,790,000	$ —
1987	14,745,000	—
1986	14,517,000	—
1985	14,475,000	0.07
1984	14,199,000	—

(Loss)
† Including extraordinary gain of $235,000 ($0.01 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 67,589,000	$ 4.57
1987	73,410,000	4.98
1986	79,287,000	5.46
1985	100,617,000	6.95
1984	99,558,000	7.01

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 101,228	$ 76,443
Cost of revenues	50,137	40,197
Expenses	54,902	42,588
Interest income	(1,725)	(2,327)
Interest expense	845	511
Loss on litigation settle.	70	350
Other expense	2,120	449
Loss bef. taxes	$ (5,121)	$ (5,325)

	1988	1987
Income taxes	350	175
Net Loss	$ (5,471)	$ (5,500)

* Included in Costs and Expenses, Depreciation and Amortization: $6,074,000 in 1988 and $4,823,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 2,820	$ 828
Marketable securities	—	6,864
Accts. receiv., net	36,600	23,397
Notes receivable	1,097	1,178
Other receivables	1,394	1,621
*Inventories	7,332	5,657
Prepaid expenses	1,680	1,222
Assets held for sale	1,491	2,381
Other curr. assets	20	59
Current Assets	$ 52,434	$ 43,207
Market. secur.	9,665	9,866
#Fixed assets	18,199	15,098
Notes receivable	375	1,250
Invest.-affil cos.	5,755	5,755
Other assets	1,103	931
Intangibles	19,460	20,363
Total Assets	$ 106,991	$ 96,470

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 810	$ 634
Accts. payable	6,833	3,638
Accruals	6,110	4,927
Curr. Liabilities	$ 13,753	$ 9,199
Long-term debt	12,745	175
Other liabilities	6,662	7,461
Convert. subord. deben.	3,224	3,207
+Redeem. pref. stock	3,018	3,018
+Common stock	148	148
Add. paid-in capital	126,787	126,855
Retained earnings (deficit)	(57,902)	(52,431)
Unreal. loss on eq. secur.	(954)	(772)
Treasury stock	(490)	(390)
Total Liabilities & Shareholders' Equity	$ 106,991	$ 96,470

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

	1988	1987
Debt to Equity	0.20	0.01
Working Capital	$ 16,050,000	$ 34,008,000
Current Ratio	1.44	4.70
Shareholders' Equity	$ 67,589,000	$ 73,410,000

HEI Inc.

P.O. Box 5000
1495 Steiger Lake Lane
Victoria, Minnesota 55386
(612) 443-2500

Officers: Robert Pitel, president & chief executive officer; Eugene W. Courtney, exec. v.p. & chief operating officer; Dale Nordquist, v.p.-sales; Lyman E. Wakefield, Jr., secretary; Brenda C. Williams, asst. secretary.

Directors: Robert Pitel, William R. Franta, Alan K. Ruvelson, Lyman E. Wakefield, Jr..

Areas of Work: Manufactures electronic components and systems which convert light into electronic signals through hybrid circuitry - a sophisticated electronic assembly process which allows for miniaturization of circuit elements. Products include custom hybrid circuits, optical scanners for gaming, education and government, light pens for computer-aided design and interactive video tasks, optical switches and assemblies for typesetting systems, computer peripherals and industrial equipment.

Divisions:

Hybrid Electronics Division
Scanning Systems Division
Optoelectronics Division

Joint Venture:

SFT, Inc.
Markets computer-controlled measurement systems to federal and local governments and to North American utilities.

Transfer Agent(s):

Norwest Bank, Minneapolis, N.A.
P.O. Box 738
161 North Concord Exchange
South St. Paul, Minnesota 55075-0738

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HEII (NASDAQ)

Number of Employees:

1988	148	1985	191
1987	120	1984	229
1986	138		

Plant Footage:

1988 . . . . 34,600 sq. ft. 1987 34,600

Sales & Earnings

	Net Sales	Net Income †
1988	$ 8,012,345	$ 461,026
1987	6,430,643	25,321
1986	7,174,524	(2,922,420)
1985	6,835,501	(874,109)
1984	9,410,956	596,418

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	1,592,204	$ 0.29
1987	1,421,695	0.02
1986	1,420,708	—
1985	1,420,027	—
1984	1,432,098	0.42

(Loss)
† Including extraordinary gains of $194,000 ($0.12 per share) in 1988 and $8,000 ($0.01 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 2,925,306	$ 1.84
1987	2,458,193	1.73
1986	2,430,856	1.71
1985	5,350,519	3.77
1984	6,221,258	4.34

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Aug. 31	1988	1987
Net sales	$ 8,012,345	$ 6,430,643
Cost of sales	4,829,592	3,975,250
Expenses	2,550,477	2,336,178
Interest expense	231,747	263,545
Interest income	(80,497)	(169,651)
Income before taxes	$ 481,026	$ 25,321
Income taxes	214,000	8,000
Net Income	$ 267,026	$ 17,321
Extraord. gain	194,000	8,000
Net Income & extraord. gain	$ 461,026	$ 25,321

* Included in Costs and Expenses, Depreciation and Amortization: $428,849 in 1988 and $427,067 in 1987.

Assets

As of Aug. 31	1988	1987
Cash & temp. invest.	$ 52,385	$ 30,114
Accts. receiv., net	1,412,812	918,518
* Inventories	1,846,571	1,921,528
Prepaid expenses	85,757	83,229
Current Assets	$ 3,397,525	$ 2,953,389
#Fixed assets	2,135,719	2,123,500
Other assets	62,680	50,337
Total Assets	$ 5,595,924	$ 5,127,226

Liabilities

	1988	1987
Long-term debt, curr.	$ 336,900	$ 295,600
Accts. payable	525,291	273,454
Accruals	473,578	444,530
Curr. Liabilities	$ 1,335,769	$ 1,013,584
Long-term debt	1,334,849	1,655,449
+Common stock	71,419	71,158
Add. paid-in capital	4,106,975	4,101,149
Retained earnings (deficit)	(1,253,088)	(1,714,114)
Total Liabilities & Shareholders' Equity	$ 5,595,924	$ 5,127,226

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

	1988	1987
% Income bef. Taxes to Sales	6.00	0.39
% Net Income to Sales	3.33	0.27
% Net Income to Equity	9.13	0.70
Sales to Inventories	4.34	3.35
Debt to Equity	0.57	0.79
Working Capital	$ 2,061,756	$ 1,939,805
Current Ratio	2.54	2.91
Shareholders' Equity	$ 2,925,306	$ 2,458,193

HEICO Corporation

3000 Taft Street
Hollywood, Florida 33021
(305) 987-6101

Officers: Robert E. Surtees, chairman, president & chief exec. officer; Thomas S. Irwin, sr. v.p., treasurer & chief financial officer; Alexander Nagy, v.p.; Lawrence H. Wheeler, controller & asst. treasurer; Catherine A. Maus, secretary; Elizabeth R. Letendre, asst. secretary.

Directors: Robert E. Surtees, chairman of the board; Jacob T. Carwile, Carl A. Jacobson, Alan Schriesheim, Vladimir Haensel, Herbert C. Gwinn, Paul F. Manieri, John P. McCullough, George C. Pimentel.

Areas of Work: Engaged in two principal business segments: laboratory products and engine products and services. Germfree Laboratories Incorporated, NAPCO Scientific Company, Hotpack Corporation and Rush Enterprises, Inc., all wholly owned subsidiaries, principally design and manufacture controlled environment and biological safety equipment for use in clinical, educational, government and industrial scientific laboratories. Jet Avion Corportion, a wholly owned subsidiary, is engaged in the manufacture of parts for gas turbine engines, primarily jet aircraft engines and also provides custom brazing and heat treating services. LPI Corporation, also a wholly owned subsidiary, manufactures jet engine and other defense industry-related components.

Divisions and Subsidiaries:

Jet Avion Corporation
3000 Taft Street
Hollywood, Florida 33021
(305) 987-6101

NAPCO Scientific Company
20210 S.W. Teton
Tualatin, Oregon 97062
(503) 692-4686

Hotpack Corporation
10940 Dutton Road
Philadelphia, Pennsylvania 19154
(215) 824-1700

Germfree Laboratories Incorporated
7435 N.W. 41st Street
Miami, Florida 33166
(305) 592-1780
Manufactures laminar flow biological safety cabinets, glove boxes and isolators, isolation cages and laminar flow animal stations, and air incinerators.

Acquisitions:

LPI Corporation
2104 West Commercial Boulevard
Fort Lauderdale, Florida 33309
(305) 485-2136
Produces jet and other turbine engine components; supplies milling, machining and fabrication services to the aviation and defense industries.

Rush Enterprises, Inc.
20 Hampshire Drive
Hudson, New Hampshire 03501
(603) 886-9460
Produces low-temperature freezers for blood storage, biological storage, pharmaceutical, laboratory and industrial markets.

Transfer Agent(s):

First Interstate Bank of Oregon, N.A.
Portland, Oregon

Mellon Securities Trust Co.
Fort Lee, New Jersey

Stock Exchange(s): American

Ticker Symbol: HEI

Number of Employees:

1988	500	1986	500
1987	500	1985	400

Plant Footage:

1988	400,000 sq. ft.	1986	336,000
1987	336,000	1985	296,000

Sales & Earnings

	Net Sales	Net Income
1988	$ 43,161,000	$ 2,486,000
1987	46,870,000	7,612,000
1986	47,346,000	6,330,000
1985	32,313,000	2,701,000
1984	27,530,000	2,614,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	3,237,488	$ 0.77
1987	3,166,119	2.40
1986	2,643,743	2.39
1985	2,379,603	1.14
1984	3,643,154	0.72

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Aviation and defense prods.	$ 22,925,000	$ 30,518,000
Laboratory prods.	20,236,000	16,352,000
Total	$ 43,161,000	$ 46,870,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.07	—	3-for-2
1987	0.07	—	
1986	0.07	—	—
1985	0.07	—	—
1984	0.07	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 40,992,000	$ 12.97
1987	38,099,000	12.12
1986	17,991,000	7.20
1985	11,466,000	4.63
1984	8,925,000	3.83

‡ Adjusted to reflect stock split.

Income Account *

Year ended Oct. 31	1988	1987
Net sales & services	$ 43,161,000	$ 46,870,000
Cost of sales	28,767,000	26,205,000
Expenses	11,025,000	8,719,000
Interest expense	470,000	745,000
Other income	(788,000)	(1,609,000)
Income before taxes	$ 3,687,000	$ 12,810,000
Income taxes	1,201,000	5,198,000
Net Income	$ 2,486,000	$ 7,612,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,921,000 in 1988 and $1,605,000 in 1987.

Assets

As of Oct. 31	1988	1987
Cash	$ 2,098,000	$ 1,636,000
Short-term invest.	2,786,000	9,752,000
Accts. receiv., net	7,472,000	6,113,000
*Inventories	16,956,000	14,235,000
Prepaid expenses	906,000	373,000
Deferred inc. taxes	439,000	619,000
Current Assets	$ 30,657,000	$ 32,728,000
#Fixed assets	15,190,000	12,475,000
Other assets	309,000	435,000
Intangibles	6,719,000	3,692,000
Total Assets	$ 52,875,000	$ 49,330,000

Liabilities

Long-term debt, curr.	$ 280,000	$ 331,000
Accts. payable	1,642,000	1,281,000
Accruals	3,526,000	3,204,000
Income taxes	266,000	475,000
Curr. Liabilities	$ 5,714,000	$ 5,291,000
Long-term debt	5,118,000	5,128,000
Deferred inc. taxes.	1,051,000	812,000
+Common stock	722,000	481,000
Add. paid-in capital	14,506,000	14,574,000
Retained earnings	34,570,000	32,293,000
Treasury stock	(7,518,000)	(7,403,000)
Note receiv.- invest. plan	(1,288,000)	(1,846,000)
Total Liabilities & Shareholders' Equity	$ 52,875,000	$ 49,330,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.16 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.54	27.33
%Net Income to Sales	5.76	16.24
%Net Income to Equity	6.06	19.98
Sales to Inventories	2.55	3.29
Debt to Equity	0.13	0.14
Working Capital	$ 24,943,000	$ 27,437,000
Current Ratio	5.37	6.19
Shareholders' Equity	$ 40,992,000	$ 38,099,000

Hercules Incorporated

Hercules Plaza
1313 North Market Street
Wilmington, Delaware 19894
(302) 594-5000

Officers: David S. Hollingsworth, chairman & chief executive officer; Fred L. Buckner, president & chief operating officer; Arden B. Engebretsen, vice chairman & chief financial officer; S. Maynard Turk, v.p. & general counsel; George MacKenzie, v.p. & controller; Alexander L. Searl, v.p. & treasurer; Charles W.K. Gamble, secretary; Daniel F. Desmond, asst. treasurer; Dominick W. DiDonna, asst. controller; James D. Knox, asst. treasurer; Thomas L. Gossage, president-Hercules Specialty Chemicals Company; James E. Knox, president-Hercules Engineered Polymers Company; Edward J. Sheehy, president-Hercules Aerospace Company.

Directors: David S. Hollingsworth, chairman; Arden B. Engebretsen, Fred L. Buckner, Eugene D. Crittenden, Jr., Stuart E. Eizenstat, Jerome Jacobson, Robert G. Jahn, Guy T. McBride, Jr., Arthur C. Nielsen, Jr., John R. Petty, Henry A. Schowengerdt, Joan E. Spero, S. Maynard Turk.

Areas of Work: Operates in three industry segments: Aerospace, Specialty Chemicals, and Engineered Products. In the aerospace area, through its wholly owned subsidiary, Hercules Aerospace Company, the Company is engaged principally in the design, development, and manufacture of high-technology products such as solid propellant rocker motors, carbon fiber, composite structures, electromechanical and electronic equipement, and smokeless powders for the defense, aerospace, commercial aircraft, military ordnance, and sport shooting industries.

Subsidiaries:

Hercules Aerospace Company
Hercules Specialty Chemicals Company
Hercules Engineered Polymers Company

Transfer Agent(s):

Manufacturers Hanover Trust Company
P.O. Box 24935
Church Street Station
New York, New York 10249

Wachovia Bank & Trust Company, N.A.
P.O. Box 3099
Winston-Salem, North Carolina 27102

Wilmington Trust Company
Wilmington, Delaware 19890

Stock Exchange(s): New York, London, Swiss exchanges

Ticker Symbol: HPC (New York)

Number of Employees:

1988	22,718	1985	25,448
1987	23,152	1984	26,262
1986	25,120		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 2,802,072	$ 120,435
1987	2,693,003	820,737
1986	2,615,100	226,700
1985	2,587,200	133,200
1984	2,571,000	197,200

	No. of Com. Shares	Earn. per Share +
1988	45,900,000	$ 2.55
1987	48,800,000	14.74
1986	54,800,000	4.02
1985	54,300,000	2.40
1984	53,500,000	3.54

+ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Specialty chemicals	$ 1,306,000	$ 1,212,000
Aerospace	1,052,000	1,007,000
Engineered polymers	398,000	399,000
Other prods.	46,000	75,000
Total	$ 2,802,000	$ 2,693,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 2.00	—	—
1987	1.84	—	
1986	1.72	—	—
1985	1.60	—	—
1984	1.48	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 2,044,500,000	$ 44.54
1987	2,189,900,000	44.88
1986	1,703,200,000	31.11
1985	1,474,201,000	27.13
1984	1,366,911,000	25.57

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 2,802,072	$ 2,693,003
Cost of sales	2,193,081	2,063,661
Expenses	453,786	421,381
Nonrecurring expenses	25,548	31,056
Interest expense	34,190	44,758
Loss (gain) on dispos. of assets	8,194	(1,109,824)
Other income	(34,840)	(44,847)
Income before taxes	$ 122,113	$ 1,286,818
Income taxes	42,866	575,692
Eq. in inc. of affil cos.	(41,188)	(109,611)
Net Income	$ 120,435	$ 820,737

* Included in Costs and Expenses, Depreciation: $144,879,000 in 1988 and $134,373,000 in 1987.

Assets
(000's)

As of	198	198
Cash & market. secur.	$ 200,146	$ 694,489
Accts. & notes receiv., net	831,297	696,626
*Inventories	447,070	402,352
Current Assets	$ 1,478,513	$ 1,793,467
Investments & advances	511,273	469,290
#Fixed assets	1,164,102	1,075,389
Other assets	171,406	153,931
Total Assets	$ 3,325,294	$ 3,492,077

Liabilities
(000's)

Short-term debt	$ 80,351	$ 34,098
Accts. payable	201,276	184,239
Accruals	206,342	204,888
Income taxes	41,317	71,260
Current Liabilities	$ 529,286	$ 494,485
Long-term debt	428,603	488,538
Deferred inc. taxes	200,034	193,967
Other liabilities	122,838	125,220
+Common stock	29,695	29,252
Add. paid-in capital	319,301	289,482
Foreign curr. adjust.	29,519	46,867
Retained earnings	2,220,260	2,192,736
Treasury stock	(554,242)	(368,470)
Total Liabilities & Shareholders' Equity	$ 3,325,294	$ 3,492,077

* At lower of cost or market. Domestic investories at LIFO; foreign at average cost.
# Less accumulated depreciation and amortization.
+ $25/48 par value.

Statistical Summary

% Income bef. Taxes to Sales	4.36	47.78
% Net Income to Sales	4.30	30.48
% Net Income to Equity	5.89	37.48
Sales to Inventories	6.27	6.69
Debt to Equity	0.25	0.24
Working Capital	$ 949,227,000	$ 1,298,982,000
Current Ratio	2.79	3.63
Shareholders Equity	$ 2,044,533,000	$ 2,189,867,000

Hewlett-Packard Company

3000 Hanover Street
Palo Alto, California 94304
(415) 857-1501

Officers: David Packard, chairman of the board; John A. Young, pres. & chief exec. officer; Dean O. Morton, exec. v.p. & chief operating officer; William E. Terry, exec. vice president; Richard C. Alberding, exec. vice president; John L. Doyle, exec. v.p.; Douglas C. Chance, exec. v.p.-business systems; Lewis E. Platt, exec. v.p.-technical systems; Alfred P. Oliverio, sr. v.p.-marketing; James L. Arthur, sr. v.p. & director-U.S. Field Operations; S.T. Jack Brigham, III, v.p.-adm. & gen. counsel; Harold E. Edmondson, v.p. & dir.-corp. mfg.; Franco Mariotti, v.p. & dir.-European operations; Richard A. Hackborn, v.p. & gen. mgr.-Peripherals; Alan D. Bickell, v.p. & dir.-Intercontinental operations; Joel S. Birnbaum, v.p. & gen. mgr.-Information Technology Group; William F. Craven, v.p. & gen. mgr.-Components Group; William G. Parzybok, Jr., v.p. & gen. mgr.-Engineering & Manufacturing Systems Group; Robert P. Wayman, sr. v.p. & chief fin. officer; George F. Newman, Jr., treasurer; Dieter Hoehn, v.p. & gen. mgr.-Analytical Group; Richard W. Anderson, v.p. & gen. mgr.-Microwave and Communications Group; Benjamin L. Holmes, v.p. & gen. mgr.-Medical Products Group; Charles W. Richion, v.p.-U.S. sales operations; D. Craig Nordlund, secretary & associate gen. counsel; Raymond W. Cookingham, controller; Ann O. Baskins, asst. secretary & corp. counsel.

Directors: David Packard, chairman; William R. Hewlett, William E. Terry, Robert J. Glaser, Antonie T. Knoppers, John A. Young, James D. Hodgson, Dean O. Morton, John B. Fery, Harold J. Haynes, Shirley M. Hufstedler, George A. Keyworth, II, T. A. Wilson, Paul F. Miller, Jr., Hicks B. Waldron, David Woodley Packard, Donald E. Petersen, Walter B. Hewlett.

Areas of Work: Through the instrument and components groups, manufactures electronic test and measurement products. These products include microwave semiconductors, light emitting diodes and fiber optic components, logic analyzers, voltmeters, frequency analyzers, power supplies, board testers, plotters, recorders, oscilloscopes, counters, frequency sources, network and signal analyzers, signal generators, automated test equipment, distance measurement instruments, component measurement equipment and microprocessor development systems. Computer and personal computation groups manufacture electronic data products. These products include small to medium scale computer systems for business, scientific and industrial applications, desktop computers, personal computers, personal scientific and business programmable calculators, data terminals, printers and disk and tape memories. The medical products group manufactures medical electronic equipment. These products include continuous monitoring systems for critical care patients, medical data management systems, fetal monitors, electrocardiographs and related interpretive and stress systems, cardiac catheterization laboratory systems, blood gas measuring instruments, ultrasonic imaging systems, cardiac defibrillators and hospital supplies. Products of the analytical instrumentation group include gas chromatographs, liquid chromatographs, mass spectrometers combined with chromatographs, spectrophotometers, laboratory automation systems and integrators.

Divisions and Subsidiaries:

COMPONENTS GROUP

Microwave Semiconductor Division
350 West Trimble Road
San Jose, California 95131
(408) 263-7500

RF (radio frequency) and microwave diodes, microwave transitors, microwave components; bar-code entry products.

Optoelectronics Division
640 Page Mill Road
Palo Alto, California 94304
(415) 857-6201

Alphanumeric and LED displays, lamps, light bars and linear arrays.

Optical Communications Division
640 Page Mill Road
Palo Alto, California 94304
(415) 857-1501

Fiber-optic and optocouplers.

Southeast Asia Operation
Hewlitt-Packard Malaysia
Phase I, Bayan Lepas Free Trade Zone
Penang, Malaysia

Semiconductor devices; computer memories.

SYSTEMS GROUP

Fort Collins Systems Division
3404 East Harmony Road
Fort Collins, Colorado 80525
(303) 226-3800

Advanced, 32-bit, desktop computers, computers controllers, systems and peripheral equipment for science and engineering.

Boblingen Engineering Operation
Hewlett-Packard GmbH
Federal Republic of Germany

Mechanical computer-aided design software.

Boblingen Computer Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany

Colorado Springs Division
1900 Garden of the Gods Road
Colorado Springs, Colorado 80901
(303) 598-1900

General-purpose and high-performance oscilloscopes, including automatic waveform measurement; cathode-ray tube displays; logic analyzers.

Lake Stevens Instrument Division
6330 Marine Drive
Maryville, Washington 98270
(206) 335-2000
Synthesizers and low-frequency spectrum and network analyzers for communications and electronics equipment; waveform generators and dynamic analyzers for electromechanical and mechanical systems.

Fort Collins Engineering Operation
3404 East Harmony Road
Fort Collins, Colorado 80525
(303) 226-3800
Personal technical computer software.

Logic Design Operation
Centennial Annex D-2
Colorado Springs, Colorado 80907-0617
CAD/CAM system design.

Logic Systems Division
1900 Garden of the Gods Road
Colorado Springs, Colorado 80901
Logic-development systems for microprocessor and digital products.

ELECTRONIC INSTRUMENTS GROUP

Boblingen Instrument Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany
Logic signal sources and data generators; plotters and microprocessor development systems.

Colorado Springs Tech Center
1900 Garden of the Gods Road
Colorado Springs, Colorado 80901
(303) 598-1900
Analog and digital thick film hybrids for all HP divisions.

YHP Instrument Division
Yokogawa-Hewlett-Packard, Ltd.
9-1, Takakura, Cho
Hachioji-Shi
Toyko 192, Japan
Component and semiconductor measuring instruments and systems (ICR meters, impedance analyzers, semiconductor parameter test systems) for worldwide sales and a variety of other products for the Japanese market.

Loveland Tech Center
815 Fourteenth Street, S.W.
Loveland, Colorado 80537
(303) 667-5000
Analog and digital multimeters, computer-controlled instrument systems (data-loggers, data acquisition systems, components-test instrumentation).

New Jersey Division
150 Green Pond Road
Rockaway, New Jersey 07866
(201) 627-6400
Regulated direct current laboratory and industrial power supplies, OEM (original-equipment manufacturer) modular power supplies, digitally controlled power sources, automatic-test and control-system components.

Santa Clara Division
5301 Stevens Creek Boulevard
Santa Clara, California 95050
(408) 246-4300
Electronic counters, digital IC (integrated circuit) testers, microprocessor servicing and training products, waveform recorders (transient analyzers or digital oscilloscopes), digital printers, atomic frequency and time standards, laser measurement systems, temperature and pressure measurement systems.

Santa Clara Tech Center
5301 Stevens Creek Boulevard
Santa Clara, California 95050
(408) 246-4300
Integrated circuits, and standard and custom parts, for HP's instrument divisions.

YHP Computer Operation*
Yokogawa-Hewlett-Packard, Ltd.
9-1, Takakura-Cho
Hachioji-Shi
Tokyo 192, Japan
* Part of YHP Instrument Division

MICROWAVE AND COMMUNICATIONS INSTRUMENT GROUP

Colorado Telecommunications Division
5060 Centennial Boulevard
Colorado Springs, Colorado 80933
(303) 593-8700
Transmission-test instruments for testing digital and analog parameters of voice and data channels; data-communication network test equipment (protocol analyzers and digital and analog test instruments).

Queensferry Telecommunications Division
Hewlett-Packard Ltd.
South Queensferry
West Lothian EH30 9TG Scotland
Dedicated test and measuring instruments and systems for telecommunications in the areas of microwave radio, FDM (frequency division multiplex), voice/data, PCM/TDM (pulse code modulation/time-division multiplex); transmission-impairment measuring sets and sweep oscillators.

Queensferry Microwave Operation
South Queensferry
West Lothian EH30 9TG Scotland
Products for mobile communications, RF (radio frequency) communications, and cellular radio.

Stanford Park Division
1501 Page Mill Road
Palto Alto, California
(415) 857-1500
Microwave signal generators and synthesizers; noise-figure meters; power meters; coaxial and waveguide measuring equipment.

Spokane Division
1620 Signal Drive TAF C-34
Spokane, Washington 99220
(509) 922-4001
RF (radio frequency) signal generators and synthesizers, RF measuring receivers and RF transceiver test equipment.

Signal Analysis Division
1212 Valley House Drive
Rohnert Park, California 94928
(707) 525-1400
Radio-frequency and microwave spectrum analyzers and related signal analysis equipment.

Network Measurements Division
1400 Fountain Grove Parkway
Santa Rosa, California 95404
(707) 525-1400
RF (radio frequency) and microwave-network analyzers (vector and scalar); sweep oscillators and synthesized sweep-signal generators.

Microwave Technology Division
1400 Fountain Grove Parkway
Santa Rosa, California 95404
(707) 525-1400
High frequency transistors and diodes, SAW (surface-acoustical-wave) devices, YIG (ytrium-iron-garnet) spheres; integrated circuits, thick and thin film circuits and microwave packages, all for HP divisions.

INFORMATION NETWORK GROUP

Roseville Networks Division
8000 Foothills Blvd.
Roseville, California 95678
(916) 786-8000
Measurement and control automation products, HP computer I/O (input/output) cards and data communications products.

Information Networks Division
19420 Homestead Road
Cupertino, California 95014
(408) 725-8111
Data-communications hardware and software; business software tools to speed program development; automation systems and software for the 'interactive office.'

Colorado Networks Operations
700 71st Avenue
Greeley, Colorado 80631
(303) 356-9301
Software and hardware to connect computer products.

Grenoble Networks Division
Hewlett-Packard France
5 Rue Raymond Chanas
F-38320 Eybens, France
Industrial terminals and low-cost terminals, personal computers; data-communications hardware and software.

BUSINESS SYSTEMS GROUP

Computer Systems Division
19447 Pruneride Avenue
Cupertino, California 95014
(408) 725-8111
Business computer systems for interactive, on-line processing, data processing, data-base management and distributed data processing.

CSY Roseville Operation
8010 Foothills Boulevard
Roseville, California 95678
(916) 786-8000
Business computer systems for interactive, on-line data processing, data base management and distributed data processing.

Office Productivity Division
Hewlett-Packard Ltd.
Nine Mile Ride
Easthampstead
Wokingham, Berkshire, England
Office-systems software and support for business computer systems.

Financial Systems Operation
370 West Trimble Road
San Jose, California 95131
(408) 263-7500
Software for HP business computers.

Information Resources Operation
7995 E. Prentice
Englewood, Colorado 80111
(303) 773-1992
Software for marketing and distributing organizations.

Guadalajara Computer Operation
Monte Morelos 299
Frac, Loma Bonita
Guadalajara, Talisco 45060 Mexico
(532) 622-0250
Business computers and software.

Boblingen General Systems Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany
Programmable desktop-computer systems and peripheral equipment for European scientific and industrial applications.

Administrative Productivity Division
370 West Trimble Road
San Jose, California 95131
Administrative and applications software, including distribution and financial.

Administrative Productivity Operation*
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany
Financial applications software.
*Part of Administrative Productivity Division.

INFORMATION TECHNOLOGY GROUP

Cupertino IC Division
11000 Wolfe Road
Cupertino, California 95014
Custom integrated circuits for HP computers, peripherals, and instruments.

Fort Collins IC Division
3403 East Harmony Road
Fort Collins, Colorado 80525

Information Technology Group
Northwest IC Division
1020 N.E. Circle Boulevard
Corvallis, Oregon 97330

COMPUTER PERIPHERALS GROUP

Boise Division
11311 Chinden Boulevard
Boise, Idaho 83707
(208) 376-6000
Impact and non-impact system line printers.

Disc Memory Division
11411 Chinden Boulevard
Boise, Idaho 83707
(208) 376-6000
Disc memory products and associated microprocessor-implemented controllers for computer systems.

Greeley Division
700 71st Avenueny Road
Greeley, Colorado 80631
(303) 356-9301
Flexible mass-storage devices; magnetic tape drives; local networking and data-communication products.

Vancouver Division
18110 S.E. 34th Street
Vancouver, Washington 98706
Word-processing, thermal, multi-purpose data-processing printers.

Computer Peripherals Bristol Division
Great Western Business Park
North Road
Yate, Bristol BS17, England
Middle-range mass storage products.

San Diego Division
16399 W. Bernardo Drive
San Diego, California 92127
(714) 487-4100
Digitizers, graphic tablets, instrumentation tape recorders, graphic plotters, recorder supplies, and X-Y, strip chart and oscillographic recorders.

PERSONAL COMPUTER GROUP

Handheld Computer and Calculator Operation
1010 N.E. Circle Boulevard
Corvallis, Oregon 97330
(503) 757-2000
Calculators for science and business; portable and handheld computers.

Portable Computer Division
1010 N.E. Circle Boulevard
Corvallis, Oregon 97330
(503) 757-2000
Personal computer systems and handheld computers and calculators.

Hewlett-Packard Do Brasil
Rua Joao Sulinski, 681
13100-Campinas, Sao Paulo
Brazil
Scientific and business calculators and personal computers.

Hewlett-Packard Singapore Pte. Ltd.
1150 Depot Road
Singapore 0410
Personal, scientific and business calculators.

Roseville Terminals Division
3625 Cincinnati Avenue
Rocklin, California 95677
(916) 786-8000
Data terminals.

Personal Office Computer Division
978 East Arques
Sunnyvale, California 94086
(408) 735-1550
Small computers for the business market; interactive, microprocessor-implemented alphanumeric and graphics CRT (cathode-ray tube) terminals for data processing and communications.

Grenoble Personal Computer Division
Hewlett-Packard France
5 Rue Raymond Chanas
F-38320 Eybens, France
Industrial terminals and low-cost terminals.

Hewlett-Packard Puerto Rico
Highway 459 KM 1
Montana Industrial Park
Aguadilla 00603 Puerto Rico
Interactive, microprocessor implemented alphanumeric and graphics CRT (cathode-ray tube) terminals.

Personal Software Division
3410 Central Expressway
Santa Clara, California
(408) 725-8111
Software for personal computers; computer-aided work software and common user interfaces for portable computers, terminals and workstations.

Personal Computer Group Operation
11000 Wolfe Road
Cupertino, California 95014

Personal Computer Distribution Operation
Sunnyvale, California
Manages worldwide distribution of HP personal computers and related peripherals, software, supplies and accessories.

ANALYTICAL GROUP

Avondale Division
Route 41 & Starr Road
Avondale, Pennsylvania 19311
(215) 268-2281
Gas and liquid chromatographs,, automatic liquid samplers, digital integrators, analytical laboratory-data systems, chromatography columns and consumables.

Scientific Instruments Division
1601 California Avenue
Palo Alto, California
(415) 857-1501
Gas chromatograph/mass spectrometers, GC/MS data systems, UV-visible diode-array spectrophotometers.

Waldbronn Division
Hewlett-Packard GmbH
P.O. Box 1280
D-7517
Waldbronn, Federal Republic of Germany
Liquid chromatographs, gas chromatographs and analytical laboratory-data systems; liquid chromatograph detectors.

Analytical Supplies Operation
Route 41 & Starr Road
Avondale, Pennsylvania 19311
High quality gas and liquid chromatograph columns; also, distributes general supplies for the laboratory.

Laboratory Automation Systems Operation
Route 41 and Starr Road
Avondale, Pennsylvania 19311
Software and hardware to improve laboratory productivity and information management.

ENGINEERING & MANUFACTURING SYSTEMS GROUP

Data Systems Division
11000 Wolfe Road
Cupertino, California 95014
(408) 257-7000
Technical real-time computers and computer systems for factory automation, manufacturing and OEM (original equipment manufacturer) applications.

Manufacturing Productivity Division
370 West Trimble Road
San Jose, California 95131
(408) 263-7500
Software systems for manufacturing organizations, including manufacturing-application financial systems.

Manufacturing Test Division
815 Fourteeneth Street S.W.
Loveland, Colorado 80537
(303) 667-5000
Analog and digital circuit-board testers.

Loveland Instrument Division
815 Fourteenth Street, S.W.
Loveland, Colorado 80537
(303) 667-500
Analog and digital multimeters, computer-controlled instrument systems (data-loggers, data acquisition systems, components-test instrumentation).

Advanced Manufacturing Systems Operation
370 West Trimble Road
San Jose, California 95131
Computer integrated manufacturing (CIM) systems; factory automation application software products.

Panacom Automation Operation
24 Lexington Road
Waterloo, Ontario N2J323 Canada

Semiconductor Productivity Network Operation
370 West Trimble Road
San Jose, California 95131
Technical and product marketing, sales support and product development for computer-aided manufacturing systems for semiconductor manufacturers.

MEDICAL PRODUCTS GROUP

Andover Division
3000 Minuteman Road
Andover, Massachusetts 01810
(617) 687-1501
Diagnostic instruments including electrocardiographs, cardiac stress-testing systems, physiological amplifiers and graphic recorders, computerized ECG data-management systems, computerized cardiac catheterization laboratory and ultrasound-imaging systems.

Boblingen Medical Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany
Fetal/neonatal-monitoring systems and instruments for surgical recovery-room monitoring; critical-care monitoring systems and computerized arrhythmia monitoring systems.

McMinnville Division
1700 South Baker
McMinnville, Oregon 97128
(503) 472-5101
X-ray and electron-beam systems for industrial applications and cardiac resuscitation systems such as defibrillators, monitors and recorders.

Waltham Division
175 Wyman Street
Waltham, Massachusetts 02254
(617) 890-6300
Critical-care monitoring systems for adults, computerized arrhythmia systems for adults, computerized arrhythmia monitoring systems with recall and edit capabilities, physiological transducers, patient-monitoring recorders, computerized patient data-management systems, and hospital information systems.

Health Care Productivity Operation
3000 Minuteman Road
Andover, Massachusetts 01810
Hospital information systems.

Medical Supplies Center
3000 Minuteman Road
Andover, Massachusetts 01810
Stethoscopes, electrolytes, disposable ECG (electrocardiogram) monitoring electrodes, blood-pressure transducers and disposable transducer domes, chart papers, disposable pressure kits.

CORPORATE MARKETING

Computer Support Division
19310 Pruneridge
Sunnyvale, California 95014
(408) 996-9383
Installation, servicing and custom support for HP computer systems.

Financing and Remarketing Division
Cupertino, California
Marketing and administration for all product leasing and for resale of computers.

Computer Supplies Operation
1326 Kifer Road
Sunnyvale, California 94086
(408) 738-8856
Computer accessories, supplies, software and furniture for all HP computers.

Test and Measurement Products

Instrument Support Division
690 E. Middlefield Road
Mountain View, California 94042
(415) 969-0880
Bench service, on-site service and repairs, and systems engineering for HP instrument products.

Corporate Parts Center
333 Logue Avenue
Mountain View, California 94042
Replacement parts, exchange modules and supplies.

Instrument Products Operation
1320 Kifer Road
Sunnyvale, California 94086
Low-priced instrumentation products and accessories.

Transfer Agent(s):

Harris Trust and Savings Bank
Corporate Trust Operations Division
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): New York, Pacific

Ticker Symbol: HWP

Number of Employees:

1987 82,000   1984 82,000
1986 82,000   1983 72,000
1985 84,000

Plant Footage:

1987 ..... 30,000,000 sq. ft. 1985 26,715,840
1986 28,500,000

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	$ 8,090,000	$ 644,000
1986	7,102,000	516,000
1985	6,505,000	489,000
1984	6,044,000	665,000
1983	4,710,000	432,000

	No. of Com. Shares †	Earn. per Share ‡
1987	257,000,000	$ 2.50
1986	256,000,000	2.02
1985	257,000,000	1.91
1984	256,000,000	2.59
1983	255,000,000	1.69

† Adjusted to reflect stock split.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Measurement, design, info., & mfg. equip. & syst.	$ 3,256,000	$ 2,995,000
Peripherals & network prods.	2,059,000	1,761,000
Serv. for equip., syst. & Peripherals	1,540,000	1,323,000
Medical elec. equip & serv.	618,000	513,000
Analytical instrumentation & serv.	388,000	303,000
Elec. components	229,000	207,000
Total	$ 8,090,000	$ 7,102,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.23	—	—
1986	0.22	—	
1985	0.22	—	—
1984	0.19	—	—
1983	0.1575	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity
(000's)

	Total Equity	Equity Per Share ‡
1987	$ 5,022,000	$ 19.54
1986	4,374,000	17.09
1985	3,982,000	15.49
1984	3,545,000	13.85
1983	2,887,000	11.32

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Oct. 31	1987	1986
Net sales	$ 8,090,000	$ 7,102,000
Cost of sales	3,785,000	3,353,000
Expenses:		
Res. & develop.	901,000	824,000
Mktng. & selling	1,612,000	1,397,000
Adm. & gen.	830,000	748,000
Income before taxes	$ 962,000	$ 780,000
Income taxes	318,000	264,000
Net Income	$ 644,000	$ 516,000

* Included in Costs and Expenses, Depreciation and Amortization: $342,000,000 in 1987 and $321,000,000 in 1986.

Assets
(000's)

As of Oct. 31	1987	1986
Cash & cash investments	$ 2,646,000	$ 1,372,000
Accts. receiv., net	1,561,000	1,344,000
*Inventories	1,117,000	981,000
Other curr. assets	167,000	117,000
Current Assets	$ 5,490,000	$ 3,814,000
#Fixed assets	2,328,000	2,236,000
Other assets	315,000	237,000
Total Assets	$ 8,133,000	$ 6,287,000

Liabilities
(000's)

Notes payable	$ 979,000	$ 229,000
Accts. payable	364,000	285,000
Empl. compensation	488,000	395,000
Accrued taxes	229,000	164,000
Deferred revenues	150,000	117,000
Deferred taxes	194,000	98,000
Other accruals	331,000	230,000
Curr. Liabilities	$ 2,735,000	$ 1,518,000
Long-term debt	88,000	110,000
Deferred empl. benefits	134,000	134,000
Deferred inc. taxes	154,000	151,000
+Common stock & add. paid-in capital	776,000	712,000
Retained earnings	4,246,000	$ 3,662,000
Total Liabilities & Shareholders' Equity	$ 8,133,000	$ 6,287,000

* At standard cost, (which approximates FIFO) not in excess of market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income before Taxes to Sales	11.89	10.98
%Net Income to Sales	7.96	7.27
%Net Income to Equity	12.82	11.80
Sales to Inventories	7.24	7.24
Debt to Equity	0.21	0.08
Working Capital	$ 2,755,000,000	$ 2,296,000,000
Current Ratio	2.01	2.51
Shareholders' Equity	$ 5,022,000,000	$ 4,374,000,000

The Hickok Electrical Instrument Company

10514 Dupont Avenue
Cleveland, Ohio 44108
(216) 541-8060

Officers: Robert D. Hickok, chairman & president; Robert L. Purcell, executive vice president; Robert L. Bauman, vice president; Michael Miller, secretary.

Directors: Robert D. Hickok, chairman; Thomas H. Barton, H. Bruce Boal, George S. Lockwood, Jr., Robert L. Purcell, Harry J. Fallon, Robert L. Bauman.

Areas of Work: Develops, manufactures, and markets high-technology precision indicating instruments, education and electronic test equipment, and automotive diagnostic equipment. Also develops and markets scientific and vocational training programs,and owns and operates a vocational training institute. The indicating instruments and meters produced by the company are used in the aircraft industry, laboratory research, and electronic maintenance.

Subsidiaries:

Supreme Electronics Corp.
1714-16 Carrollton
Greenwood, Mississippi 38930
(601) 453-6212

Electronic test equipment, specialized measuring devices, indicating instruments, and automotive diagnostic equipment.

Hickok Teaching Systems, Inc.
Cleveland, Ohio

Systems to assist in the teaching of technologies and vocational school training equipment.

Hickok Technical Institute
2012 West 25th Street
Cleveland, Ohio 44113
(216) 696-2626

Private technical school for teaching vocational skills.

Transfer Agent(s):

The Huntington National Bank
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988 206   1987 202

Plant Footage:

1988 .... 102,000 sq. ft. 1987 102,000

Sales & Earnings

	Net Sales	Net Income †
1988	$ 10,784,875	$ 1,029,879
1987	8,898,908	466.531
1986	6,748,585	(323,416)
1985	7,476,975	71,397
1984	7,490,787	(87,559)

	No. of Com. Shares +	Earn. per Share † +
1988	607,140	$ 1.70
1987	603,051	0.77
1986	603,082	—
1985	604,634	0.12
1984	605,427	—

(Loss)
† Including extraordinary gains of $374,000 ($0.62 per share in 1988, $203,000 ($0.33 per share) in 1987, $14,700 ($0.03 per share) in 1985, and extraordinary loss of $182,166 ($0.30 per share) in 1984.
+ Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 3,270,199	$ 5.39
1987	2,230,544	3.70
1986	1,764,196	2.93
1985	2,087,612	3.45
1984	2,019,840	3.34

‡ Based on the average number of shares outstanding.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 10,784,875	$ 8,898,908
Cost of sales	5,819,900	5,001,865
Prod. develop.	554,470	714,569
Expenses	3,147,879	2,481,507
Interest expense	164,747	234,436
Income bef. taxes	$ 1,097,879	$ 466,531
Income taxes	442,000	203,000
Net Income	$ 655,879	$ 263,531
Extraord. gain	374,000	203,000
Net Income & extraord. gain	$ 1,029,879	$ 466,531

* Included in Costs and Expenses, Depreciation: $129,241 in 1988 and $110,513 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 239,056	$ 195,568
Certificate of deposit	—	142,995
Accts. receiv., net	2,008,419	1,823,516
*Inventories	2,270,136	2,173,229
Prepaid expenses	12,267	4,053
Current Assets	$ 4,529,878	$ 4,339,361
Cash value of life insurance	95,322	74,117
#Fixed assets	650,596	629,489
Prepaid rent & other deposits	4,958	4,153
Accounts receiv.	—	67,024
Total Assets	$ 5,280,754	$ 5,114,144

Liabilities

	1988	1987
Notes payable	$ 479,000	$ 1,347,000
Long-term debt, curr.	92,968	97,505
Accts payable	353,483	556,115
Accruals	781,583	553,061
Accrued income taxes	68,000	—
Curr. Liabilities	$ 1,775,034	$ 2,553,681
Long-term debt	235,521	329,919
+Common stock:		
Class A	363,892	357,129
Class B	245,820	245,820
Add. paid-in capital	1,272,151	1,269,138
Retained earnings	1,388,336	358,457
Total Liabilities & Shareholders' Equity	$ 5,280,754	$ 5,114,144

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	10.18	5.24
%Net Income to Sales	6.08	2.96
%Net Income to Equity	20.06	11.81
Sales to Inventories	4.75	4.09
Debt to Equity	0.25	0.80
Working Capital	$ 2,754,844	$ 1,785,680
Current Ratio	2.55	1.70
Shareholders' Equity	$ 3,270,199	$ 2,230.544

Hipotronics, Inc.

P.O. Drawer A
Rout [illegible]
Brew[illegible], New York 10509
(914) 279-8091

Officers: Stanley G. Peschel, chairman of the board & president; Derrick D. Martin, v.p.-international sales; Robert Schlesinger, v.p.-North American sales; Banning B. Howes, treasurer.

Directors: Stanley G. Peschel, chairman; William J. Florence, Jr., Stephen S. Peschel, Robert R. Grew, Michael T. Peschel, William E. Larzelere, Jr..

Areas of Work: Designs and manufactures high voltage devices and systems to test materials and equipment used in the transmission of electricity; also designs and manufactures test equipment and high voltage power supplies for use in the electronics industry. Products include AC/DC dielectric test systems capacitors, DC insulation test equipment, wire sparkers, cable fault locators, AC-DC hipot testers and megohmmeters, power supplies, corona test systems, automatic sequential test systems, transformers, magnet wire test systems and miscellaneous high voltage hardware and accessories.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: HIP

Number of Employees:

1988	222	1985	185
1987	200	1984	180
1986	N.A.		

Plant Footage:

1988	120,000 sq. ft.	1985	74,000
1987	120,000	1984	79,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 22,321,670	$ 2,370,084
1987	18,550,478	1,880,584
1986	17,012,153	1,484,622
1985	16,138,964	1,373,809
1984	15,939,319	978,999

	No. of Com. Shares †	Earn. per Share †
1988	2,038,593	$ 1.16
1987	2,066,241	0.91
1986	2,095,419	0.71
1985	2,149,636	0.65
1984	2,467,351	0.42

† Based on the average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.20	—	3-for-2
1987	0.16	—	
1986	0.13	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 10,542,458	$ 5.17
1987	8,637,471	4.18
1986	7,661,766	3.66
1985	6,638,463	3.09
1984	6,850,398	2.78

+ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account*

Year ended Nov. 30	1988	1987
Net sales	$ 22,321,670	$ 18,550,478
Cost of sales	12,954,361	10,611,791
Expenses	5,655,111	772,663
Oper. profit	$ 3,712,198	$ 3,166,024
Interest expense	205,331	262,383
Interest income	(21,106)	(61,422)
Other income	(115,111)	(22,521)
Income before taxes	$ 3,643,084	$ 2,987,584
Income taxes	1,273,000	1,107,000
Net Income	$ 2,370,084	$ 1,880,584

* Included in Costs and Expenses, Depreciation: $515,210 in 1988 and $447,493 in 1987.

Assets

As of Nov. 30	1988	1987
Cash	$ 268,746	$ 85,217
Accts. receiv., net	4,993,058	4,780,977
*Inventories	5,691,682	5,399,171
Deferred inc. taxes	57,987	55,765
Other curr. assets	159,301	179,729
Current Assets	$ 11,170,774	$ 10,500,859
#Fixed assets	4,191,597	4,204,182
Unexpended funds	235,436	220,529
Other assets	195,693	220,592
Total Assets	$ 15,783,500	$ 15,146,162

Liabilities

	1988	1987
Notes payable	$ —	$ 1,100,000
Long-term debt, curr.	200,000	200,000
Accts. payable	743,315	1,053,050
Accrued payroll	198,203	229,089
Accrued commissions	628,290	483,100
Dividends payable	203,983	162,588
Other accruals	319,012	422,689
Income taxes	271,993	372,364
Cust. deposits	627,787	142,275
Curr. Liabilities	$ 3,192,583	$ 4,165,155
Long-term debt	1,700,000	2,100,000
Deferred inc. taxes	348,459	243,536
+Common stock	229,517	229,517
Add. paid-in capital	3,783,965	3,783,965
Retained earnings	9,659,613	7,696,987
Treasury stock	(3,130,637)	(3,072,998)
Total Liabilities & Shareholders' Equity	$ 15,783,500	$ 15,146,162

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

	1988	1987
%Income before Taxes to Sales	16.32	16.11
%Net Income to Sales	10.62	10.14
%Net Income to Equity	22.48	21.77
Sales to Inventories	3.92	3.44
Debt to Equity	0.18	0.39
Working Capital	$ 5,929,732	$ 6,335,704
Current Ratio	2.13	2.52
Shareholders' Equity	$ 10,542,458	$ 8,637,471

Hi-Shear Industries Inc.

3333 New Hyde Park Road
North Hills, New York 11042
(516) 627-8600

Officers: David A. Wingate, chairman, president & chief exec. officer; S. Gerard Benford, v.p. & chief financial officer; Victor J. Galgano, treasurer & controller; Harold L. Bernstein, secretary; H.L. Williamson, president-Hi-Shear Corporation; Robert W. Lynch, president-Hi-Shear Technology Corp..

Directors: David A. Wingate, chairman; Harold L. Bernstein, David Boyd Chase, Perry A. Luth, Jr., Philip M. Slonim, Ealan J. Wingate.

Areas of Work: Manufactures high-technology products for aerospace and defense applications. The Aerospace Fastening Systems division provides proprietary structural fastening systems primarily for commercial and military aircraft. The Space and Defense Systems division designs and manufactures sophisticated electro-explosive and propellant-actuated devices and electronic products for missiles, aircraft, spacecraft and naval vessels.

Divisions:

Aerospace Fastening Systems
Space and Defense Systems

Subsidiaries:

Hi-Shear Corporation
2600 Skypark Drive
Torrance, California 90509
Aerospace fastening systems.

Hi-Shear Technology Corp.
2830 Lomita Boulevard
Torrance, California 90509
Space and defense ordnance systems.

Hi-Shear DISC
HSI Properties, Inc.
Hi-Shear Holdings Limited

HSC Fasteners Europe Ltd.
Rugby, England
Manufactures and markets aerospace fastening systems in Europe.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York

Ticker Symbol: HSI

Number of Employees:

1988	1,000	1986	995
1987	1,000		

Plant Footage:

1988	439,600 sq. ft.	1986	341,000
1987	354,500		

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 80,401,000	$ 4,878,000
1987	78,893,000	4,829,000
1986	77,115,000	12,781,000
1985	61,647,000	10,766,000
1984	53,662,000	(2,915,000)

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	5,840,000	$ 0.84
1987	5,875,000	0.82
1986	5,862,000	2.18
1985	5,791,000	1.86
1984	5,769,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $1,761,000 ($0.30 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Aerospace fastening systems	$ 64,268,000	$ 60,478,000
Space & defense systems	16,133,000	18,415,000
Total	$ 80,401,000	$ 78,893,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.44	—	—
1987	0.44	—	
1986	0.41	—	5-for-4
1985	0.40	—	—
1984	0.40	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 63,789,000	$ 11.01
1987	62,539,000	10.62
1986	59,842,000	10.20
1985	49,099,000	8.39
1984	39,795,000	6.90

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended May 31	1988	1987
Net sales	$ 78,525	$ 77,093
Other income	1,876	1,800
Total income	$ 80,401	$ 78,893
Cost of sales	61,622	56,873
Expenses	12,434	12,667
Oper. profit	$ 6,345	$ 9,353
Interest expense	429	308
Interest income	(1,338)	(1,259)
Non-recurring charge	—	2,400
Income before taxes	$ 7,254	$ 7,904
Income taxes	2,376	3,075
Net Income	$ 4,878	$ 4,829

* Included in Costs and Expenses, Depreciation and Amortization: $1,969,000 in 1988 and $1,777,000 in 1987.

Assets
(000's)

As of May 31	1988	1987
Cash	$ 10,194	$ 27,165
Marketable securities	8,000	189
Accts. receiv., net	17,837	15,034
*Inventories	23,172	22,710
Deferred income taxes	1,502	1,875
Other curr. assets	674	386
Current Assets	$ 61,379	$ 67,359
#Fixed assets	18,591	10,378
Other assets	838	377
Total Assets	$ 80,808	$ 78,114

Liabilities
(000's)

Notes payable	$ 1,604	$ 1,262
Accts. payable	4,096	3,388
Accrued inc. taxes	—	532
Accrued payroll	3,709	2,913
Other accruals	4,524	5,295
Curr. Liabilities	$ 13,933	$ 13,390
Deferred inc. taxes	1,897	374
Other liabilities	534	1,445
Minority interest	655	—
+Common stock	614	614
Add. paid-in capital	34,440	34,492
Retained earnings	31,926	29,619
For. curr. trans. adjust.	(82)	(502)
Treasury stock	(3,109)	(1,684)
Total Liabilities & Shareholders' Equity	$ 80,808	$ 78,114

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.24	10.25
%Net Income to Sales	6.21	6.26
%Net Income to Equity	7.65	7.72
Sales to Inventories	3.39	3.39
Debt to Equity	0.03	0.02
Working Capital	$ 47,446,000	$ 53,969,000
Current Ratio	4.41	5.03
Shareholders' Equity	$ 63,789,000	$ 62,539,000

Hitachi, Ltd.

6, Kanda-Surugadai 4-chome
Chiyoda-ku
Tokyo 101, Japan

Officers and Directors: Katsushige Mita, president & representative director; Masataka Nishi, executive v.p. & representative director; Shiro Kawada, Yutaka Sonoyama, Sutezo Hata, Takeo Miura, Tsutomu Kanai, executive v.p.'s & directors; Toshi Kitamura, Tadashi Okita, Reijiro Fukutomi, Tadakatsu Kano, Iwao Matsuoka, Nobuji Kamachi, Toori Sato, senior executive managing directors; Takashi Kashiwagi, Kozo Ishida, Mikio Murai, Kazuo Kimbara, Yasuhiko Tani, Kazuo Morita, Shiro Kawate, Toshiharu Arai, Hiroshi Takano, Masao Hamada, Yasutsugu Takeda, executive managing directors.

Takeo Takemoto, Asahiko Isobe, Yutaka Takuma, Noboru Hatano, Takashi Nonouchi, Tadahiko Shinohara, Tsuneo Tanaka, Hiroshi Kuwahara, Yugo Kitagawa, Takeshi Sasaki, directors.

Areas of Work: Consumer Products include television sets, hi-fi audio equipment, radios, tape recorders, VTRs, video cameras, room air conditioners, refrigerators, washing machines, microwave ovens, vacuum cleaners, space heating and warming appliances, kitchen appliances, lighting fixtures, dry batteries, and audio and video tapes.

Information and Communication Systems and Electronic Devices include computers, computer terminals and peripherals, magnetic disks, word processors, telephone exchanges, facsimile equipment, broadcasting equipment, integrated circuits, semiconductors, picture tubes, CRT displays, liquid crystal displays, magnetrons, test and measurement equipment, analytical instruments, and medical electronics equipment.

Power Systems and Equipment include power plants, turbines, generators, boilers, transformers, circuit breakers, motors, control equipment, switchboards, and automobile parts and accessories.

Industrial Machinery and Plants include compressors, pumps, blowers, rolling mill equipment, chemical plants, tonnage oxygen plants, construction machinery, cranes, elevators, escalators, refrigeration equipment, air conditioning equipment, environmental control equipment, welding equipment, industrial robots, electric locomotives, diesel locomotives, passenger coaches, electric cars, diesel cars and monorail cars.

Wire and Cable, Metals, Chemicals and other Products include electric wire and cable, rolled copper products, optical fiber cable, special steels, rollers for rolling mills, malleable cast iron products, forged and cast steel products, pipe fittings, synthetic resin materials and products, carbon and graphite products, electric insulating materials, printed circuit boards and ceramic materials.

Manufacturing Subsidiaries:

Hitachi Cable, Ltd.
Hitachi Metals, Ltd.

Hitachi Chemical Co., Ltd.
Hitachi Construction Machinery Co., Ltd.
Hitachi Maxell, Ltd.
Babcock-Hitachi K.K.
Japan Servo Co., Ltd.
Hitachi Denshi, Ltd.
Hitachi Electronics Engineering Co., Ltd.
Hitachi Heating Appliances Co., Ltd.
Hitachi Seiko, Ltd.
Hitachi Medical Corporation
Hitachi Lighting, Ltd.
Hitachi Power Engineering Co., Ltd.
Hitachi Machinery & Engineering, Ltd.
Hitachi Telecom Technologies Co., Ltd.
Asahi Kogyo Co., Ltd.
Hitachi Hokkai Semiconductor, Ltd.
Hitachi Tochigi Electronics Co., Ltd.
Hitachi Tohbu Semiconductor, Ltd.
Hitachi Tokyo Electronics Co., Ltd.

Manufacturing Subsidiaries (U.S.)

High Voltage Breakers, Inc.
Hitachi Automotive Products (USA), Inc.
Hitachi Cable Manchester, Inc.
Hitachi Computer Products (America), Inc.
Hitachi Consumer Products of America, Inc.
Hitachi Semiconductor (America) Inc.
Maxell America Inc.
AAP St. Marys Corporation
Hitachi Cable Indiana Inc.
Hitachi Chemical Electro-Products, Inc.
Hitachi Digital Graphics (USA), Inc.
Hitachi Telecom (USA), Inc.
HMT Technology Corporation

Transfer Agent(s):

Tokyo Securities Transfer Agent Co., Ltd.

Stock Exchange(s): Tokyo, New York*

Ticker Symbol: HIT (New York Stock Exchange)* * Trades as an American Depositary Receipt.

Number of Employees:

1989	274,508	1987	161,325
1988	263,996	1986	164,117

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1989	¥ 6,401,417	¥ 185,587
1988	5,716,962	136,806
1987	5,543,247	98,676
1986	5,010,459	150,218
1985	5,013,298	210,163

	No. of Com. Shares	Earn. per Share ‡
1989	3,017,685,948	¥ 58.94
1988	2,921,653,675	44.14
1987	2,816,258,283	33.45
1986	2,803,390,998	50.65
1985	N.A.	72.23

¥ - Yen
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1989	1988
Power systems & equip.	¥ 881,000	¥ 804,000
Consumer products	1,033,000	1,018,000
Information & communication systems & elec. devices	2,051,000	1,729,000
Industrial machinery & plants	1,046,000	903,000
Wire & cable, metals, chemicals & other products	1,390,000	1,263,000
Total	¥ 6,401,000	¥ 5,717,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	¥ 8.82	—	—
1988	8.69	—	
1987	8.97	—	—
1986	9.50	—	—
1985	7.71	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1989	¥ 2,281,556	¥ 756.06
1988	2,018,547	690.89
1987	1,825,968	648.36
1986	1,742,655	621.62
1985	N.A.	584.07

N.A. - Not Available.

Income Account *
(millions)

Year ended Mar. 31	1988	1987
Net sales	¥ 6,401,417	¥ 5,716,962
Cost of sales	4,552,089	4,122,534
Expenses	1,416,142	1,275,307
Interest expense	71,438	72,527
Interest income	(118,597)	(114,831)
Dividend income	(8,878)	(8,254)
Other income	(15,751)	(18,615)
Other expense	13,869	8,439
Income before taxes	¥ 491,105	¥ 379,855
Income taxes	272,776	218,387
Minority interests	32,742	24,662
Net Income	¥ 185,587	¥ 136,806

* Included in Costs and Expenses, Depreciation: ¥ 366,268,000,000 in 1989 and ¥ 345,843,000,000 in 1988.

Assets
(millions)

As of Mar. 31	1988	1987
Cash & cash equiv.	¥ 1,638,328	¥ 1,404,640
Marketable securities	385,085	350,933
Accts. receiv., net	1,372,106	1,219,152
*Inventories	1,249,806	1,135,198
Prepaid expenses	224,419	193,193
Current Assets	¥ 4,869,744	¥ 4,303,116
Receivables & restricted funds	121,766	119,157
Investments & advances	324,012	277,103
#Fixed assets	1,473,549	1,353,607
Other assets	148,580	134,938
Total Assets	¥ 6,937,651	¥ 6,187,921

Liabilities
(millions)

Short-term bank loans	¥ 819,542	¥ 807,136
Long-term debt, curr.	44,726	40,469
Accts. payable	815,392	714,212
Accruals	446,038	375,154
Income taxes	186,125	142,888
Advances received	510,342	458,449
Employees' deposits	123,716	116,350
Other current liabilities	237,619	196,334
Curr. Liabilities	¥ 3,183,500	¥ 2,850,992
Long-term debt	520,885	468,410
Retirement benefits	481,335	439,486
Minority interest	470,375	410,486
+Common stock	219,350	180,304
Add. paid-in capital	302,651	232,865
Legal reserve	56,190	52,705
Retained earnings	1,740,285	1,590,976
For. curr. trans. adjust.	(36,920)	(38,303)
Total Liabilities & Shareholders' Equity	¥ 6,937,651	¥ 6,187,921

* At lower of cost or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.67	6.64
%Net Income to Sales	2.90	2.39
%Net Income to Equity	8.13	6.78
Sales to Inventories	5.12	5.04
Debt to Equity	0.61	0.65
Working Capital (000's)	¥1,686,244,000	¥1,452,124,000
Current Ratio	1.53	1.51
Shareholders' Equity (000's)	¥2,281,556,000	¥2,018,547,000

Honeywell Inc.

Honeywell Plaza
Minneapolis, Minnesota 55408
(612) 870-5200

Officers: James J. Renier, chairman & chief executive officer; Fosten A. Boyle, v.p.-human resources; Richard J. Boyle, v.p.-marketing & business development; Michael R. Bonsignore, president-international; Joe E. Chenoweth, pres.-home & building automation & control, defense & marine systems; Clint O. Larson, v.p.-operations; William H. Mackey, v.p. & controller; D. L. Moore, president-space & aviation systems; James J. Grierson, v.p.-finance; Jerome J. Meyer, president-industrial automation & control; Robert T. Mall, v.p. & treasurer; David R. Bergerson, v.p. & general counsel; Sigurd Ueland, Jr., v.p. & secretary; R. R. Mockenhaupt, v.p. & group exec.-Defense Systems Group; D. J. Larkin, v.p. & group exec.-Commercial Buildings Group; C. L. Vignali, v.p. & group exec.-Space Systems Group; J. R. Dewane, v.p. & group exec.-Military Avionics Systems Group; K. J. Jenson, v.p. & group exec.-Marine Systems Group.

Directors: Edson W. Spencer*, William H. Donaldson, James J. Renier*, Alexander J. MacIntosh, Geri M. Joseph*, Earnest H. Clark, Jr., Elizabeth E. Bailey, Steven G. Rothmeier*, Vincent A. Sarni, Michael W. Wright*, Gerald Greenwald.

* Member of the Executive Committee

Areas of Work: The Company's products and services involve four industry segments: Space and Aviation Systems, Defense and Marine Systems, Industrial Automation and Control, and Home and Building Automation and Control.

Divisions and Subsidiaries:

SPACE AND AVIATION SYSTEMS

Space Systems Group

Satellite Systems Division
Glendale, Arizona
Integrated high-speed data management systems, spacecraft attitude and positioning systems, precision pointing and isolation systems.

Space and Strategic Avionics Division
Clearwater, Florida
Guidance systems for launch and reentry vehicles, flight and engine control systems for manned spacecraft, precision components for strategic missiles, on-board data processing.

Commercial Flight Systems Group

Air Transport Systems Division
Phoenix, Arizona
Automatic flight control systems; electronic cockpit displays; flight management systems; flight reference sensors; navigation, surveillance and warning systems; inertial reference systems; air-data computers; communications systems; worldwide customer service centers.

Business and Commuter Aviation Systems Division
Glendale, Arizona
Automatic flight control systems; electronic cockpit displays; flight management systems; flight reference sensors; navigation, surveillance and warnings systems; inertial reference systems; air-data computers; communications systems; worldwide customer service centers.

Military Avionics Systems Group

Defense Avionics Systems Division
Albuquerque, New Mexico
Automatic flight control systems, electronic cockpit display systems, flight reference systems, cockpit systems integration, unmanned vehicle electronics.

Electro-Optics Division
Lexington, Massachusetts
Electro-optical systems and components, threat-warning systems, infrared sensors and seekers, mercury cadium telluride detectors, defensive electronic systems.

Military Avionics Division
Minneapolis, Minnesota
Laser inertial navigation and guidance systems, flight controls, inertial sensors, radar altimeters, automatic test systems, helmet-mounted display and sighting systems.

DEFENSE AND MARINE SYSTEMS

Defense Systems Group

Armament Systems Division
Brooklyn Park, Minnesota
Ammunition and fuzing, infantry weapon systems.

Ordnance Division
Edina, Minnesota
Air-delivered conventional weapons, scatterable mines, land vehicle fire control systems, special power sources.

Precision Weapons Operations
Minnetonka, Minnesota
Precision munitions.

Marine Systems Group

Marine Systems Division
Everett, Washington
Sonar sensors and transmit systems, weapon sonars, specialty sensors, standard signal processor modules, embedded signal processor products, engineering services.

Underseas Systems Division
Hopkins, Minnesota
Torpedo systems and related products, ceramic components, software and simulation development, electronic component testing.

Advanced Marine Systems Operations
Hopkins, Minnesota
Unmanned underwater vehicles, advanced antisubmarine warfare systems; underwater television cameras.

INDUSTRIAL AUTOMATION AND CONTROL

Components Group

Keyboard Division
El Paso, Texas
Keyboards and touch panels for data entry and control.

Micro Switch Division
Freeport, Illinois
Solid-state sensors for position, pressure, air-flow, temperature and current; precision electromechanical switches; manual controls; advanced vision-based sensors; sensor interface devices; optoelectronic, fiber-optic and encoder systems and components.

Skinner Valve Division
New Britain, Connecticut
Solenoid valves.

Industrial Systems Group

Industrial Automation Systems Division
Phoenix, Arizona
Continuous and batch information and control systems for hybrid operations of process plants.

Industrial Controls Division
Fort Washington, Pennsylvania
Process control instrumentation, field instrumentation, industrial machinery, equipment controls, programmable controllers, communications systems for industrial automation.

Industrial Services Center
Fort Washington, Pennsylvania
Comprehensive support services for industrial control equipment and systems and third-party equipment, including computer-aided design and manufacturing, numerical machine control, computer systems and peripherals.

Test Instruments Division
Denver, Colorado
Magnetic tape recorders and reproducers, oscillographic and videographic recorders, test management systems, militarized airborne recorders, instrumentation, service support, product and component testing.

HOME AND BUILDING AUTOMATION AND CONTROL

Building Controls Division
Golden Valley, Minnesota
Heating, ventilating and air conditioning controls; lighting controls and building management systems for commercial buildings; burner and boiler combustion controls; hydronic controls; indoor air-quality diagnostic services.

Protection Services Division
Minneapolis, Minnesota
Security services for homes and commercial buildings, including burglary and fire protection, access control, closed circuit video, maintenance and 24-hour monitoring by customer service centers.

Residential Controls Division
Golden Valley, Minnesota
Air-quality products; automatic controls for heating, cooling, ventilating, air conditioning, humidifying equipment; systems for residences and small buildings.

Commercial Buildings Group
Minneapolis, Minnesota
Comfort controls, building management systems, fire alarm and security systems, energy retrofit systems and services, contract maintenance and building operations service for commercial buildings; integrated systems and service packages for specific customer segments.

INTERNATIONAL

Asia-Pacific
Honeywell Asia-Pacific Inc.
Hong Kong

Canada
Honeywell Limited
Toronto, Ontario, Canada

Europe
Honeywell Europe S.A.
Brussels, Belgium

Latin American Division
Minneapolis, Minnesota

CORPORATE

Honeywell Federal Systems, Inc.
McLean, Virginia
Field marketing and support to U.S. government computer customers.

Solid State Electronics Center
Plymouth, Minnesota
Research, engineering, and manufacturing of custom and semicustom microcircuits, sensors, transducers and advanced packaging.

Corporate Systems Development Division
Minneapolis, Minnesota
Systems engineering for integration of computers, communications and control systems for commercial buildings and manufacturing automation.

Physical Sciences Center
Minneapolis, Minnesota
Research in sensing and control technologies for automation.

Corporate Solid State Laboratory
Minneapolis, Minnesota
Long-range basic research in silicon integrated-circuit technology.

Sensors and Signal Processing Laboratory
Minneapolis, Minnesota
Research and development in sensing, control technologies for automation.

Systems and Research Center
Minneapolis, Minnesota
Systems analysis and applied research on systems, products for military, space and commercial aviation sectors.

Tetra Tech Data Services Inc.
Pasadena, California
Computer and fiber-optic systems.

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
Corporate Agency/Stock Transfer Division
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075-0738

Norwest Trust Company
Level D
2 Wall Street
New York, New York 10005

Stock Exchange(s): New York, London, Paris, Amsterdam, Brussels, Geneva, Zurich, Basel

Ticker Symbol: HON

Number of Employees:

1988	78,400
1987	78,881
1986	78,097
1985	71,242
1984	70,715

Sales & Earnings

	Net Sales * (000's)	Net Income (000's)
1988	$ 7,148,300	$ (434,900)
1987	6,688,400	253,700
1986	5,386,900	(398,100)
1985	5,000,300	281,600
1984	4,544,100	239,000

	No. of Com. Shares ‡	Earn per Share ‡
1988	42,600,000	$ —
1987	44,100,000	5.75
1986	45,100,000	—
1985	45,700,000	6.16
1984	46,900,000	5.10

(Loss)
* Includes computer rental and service revenue; of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Home & bldg. automation & control	$ 2,036,200	$ 1,831,400
Industrial automation & control	1,400,200	1,239,300
Space & aviation syst.	1,839,600	1,899,200
Defense & marine syst.	1,408,400	1,206,200
Other	463,900	512,300
Total	$ 7,148,300	$ 6,688,400

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 2.100	—	—
1987	2.025	—	
1986	2.000	—	—
1985	1.950	—	—
1984	1.900	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 1,731,300,000	$ 40.14
1987	2,245,300,000	52.80
1986	2,221,200,000	48.67
1985	2,566,900,000	56.08
1984	2,380,900,000	50.97

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 7,148,300	$ 6,688,400
Cost of sales	5,426,300	4,783,200
Expenses	1,598,700	1,390,000
Discont. of prod. lines	150,800	—
Gain on sale of rl. est.	(33,700)	—
Interest income	(37,200)	(19,400)
Interest expense	254,100	131,700
Income (loss) bef. taxes	$ (200,900)	$ 411,400
Income taxes	234,000	157,700
Net Income (Loss)	$ (434,900)	$ 253,700

* Included in Costs and Expenses, Depreciation: $283,100,000 in 1988 and $224,600,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. cash invest.	$ 180,400	$ 405,100
Receivables	1,310,200	1,286,400
*Inventories	1,134,500	1,099,200
Deferred inc. taxes	138,500	—
Current Assets	$ 2,763,600	$ 2,790,700
Investments	237,600	252,600
#Fixed assets	1,358,700	1,450,200
Other assets	739,200	839,200
Assets of discont. oper.	—	69,600
Total Assets	$ 5,089,100	$ 5,402,300

Liabilities
(000's)

	1988	1987
Short-term debt	$ 314,800	$ 751,400
Accts. payable	284,600	251,300
Cust. advances	63,900	58,500
Income taxes	316,900	163,100
Accrued compen.	383,700	331,600
Accruals	1,030,100	568,800
Curr. Liabilities	$ 2,394,000	$ 2,124,700
Long-term debt	800,700	762,100
Deferred inc. taxes	37,200	87,000
Other liab.	125,900	183,200
+Common stock	71,000	71,000
Add. paid-in capital	634,900	648,800
Retained earnings	1,239,600	1,763,600
Treasury stock	(314,600)	(358,400)
For. curr. translation	100,400	120,300
Total Liabilities & Shareholders' Equity	$ 5,089,100	$ 5,402,300

* At lower of cost (weighted average) or market.
# Less accumulated depreciation.
+ $1.50 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	—	6.15
%Net Income to Sales	—	3.79
%Net Income to Equity	—	11.30
Debt to Equity	0.64	0.67
Working Capital	$ 369,600,000	$ 666,000,000
Current Ratio	1.15	1.31
Shareholders' Equity	$ 1,731,300,000	$ 2,245,300,000

Hubbell, Incorporated

584 Derby Milford Road
Orange, Connecticut 06477-4024
(203) 799-4100

Officers: G. J. Ratcliffe, chairman of the board, president & chief executive officer; Vincent R. Petrecca, exec. v.p.; Harry B. Rowell, Jr., exec. v.p.; Roger M. Search, v.p.-personnel; David G. McNamara, v.p.-accounting and information resources; Robert A. McRoberts, v.p.-finance; James H. Biggart, Jr., treasurer; Edward C. Corner, v.p.-development & planning; Richard W. Davies, general counsel & secretary; William A. Finnell, asst. treasurer; Thomas J. Geiger, asst. treasurer.

Directors: Robert N. Flint, G. J. Ratcliffe, Charles A. McKee, Robert W. Dixon, Andrew McNally, IV, Horace G. McDonell, H. Justin Davidson, John M. Henske.

Areas of Work: Manufactures and markets electrical and electronic products for a broad range of commercial, industrial, telecommunications, and utility applications.

Divisions and Subsidiaries:

Wiring Device Division
State Street & Bostwick Avenue
Bridgeport, Connecticut 06605
(203) 333-1181
Electrical wiring devices, ground fault circuit interruptors, medical power centers, floor boxes; marine and corrosion resistant products; hospital and medical special purpose products.

Hubbell Plastics, Inc.
Prospect Drive
Newton, Connecticut 06470
(203) 426-2555
Custom-molded plastic parts for electrical/electronics, appliance, hardware, recreation, packaging and automotive markets.

Kellems Division
Route One, Lord's Hill
Stonington, Connecticut 06378
(203) 535-1250
Mechanical holding devices for cable, rope, hose, and flexible conduit for utility, contractor, and industrial markets.

Lighting Division
Christiansburg, Virginia
Anaheim, California
Moultrie, Georgia
Martin, Tennessee
Outdoor and indoor area lighting, landscape and hazardous-location lighting for commercial buildings, stadiums, gymnasiums, industrial plants, and residential use; underwater and reflecting pool lighting.

Hubbell Industrial Controls, Inc.
50 Edwards Street
Madison, Ohio 44057
(216) 428-1161
Heavy-duty electrical and electronic control equipment for industrial markets.

Pulsecom Division
2900 Towerview Boulevard
Herndon, Virginia 22071
(703) 471-2900
Manufactures electronic products related to the transmission and control of data, teleprinter, voice and television signals.

Hubbell Hermetic Refrigeration, Inc.
2522 West Holly Street
Phoenix, Arizona
(602) 272-6551
Remanufacture of refrigeration and air conditioning compressors.

The Kerite Company
49 Day Street
Seymour, Connecticut 06483
(203) 888-2591
Proprietary insulated wire and cable for railroads, electric utilities, and industrial markets.

Raco, Inc.
South Bend, Indiana
Fogelsville, Pennsylvania
Manufactures steel and plastic boxes for electrical connections at outlet, switch, and junction locations; fittings for electrical wiring systems.

The Ohio Brass Company
Wadsworth, Ohio
Aiken, South Carolina
Polymer and ceramic insulators, surge arresters, transit and industrial haulage system components.

Hubbell Canada, Inc.
870 Brock Road South
Pickering, Ontario, Canada
(416) 839-1139
Manufacture and assembly of wiring devices, mesh grips, lighting fixtures, industrial controls.

Harvey Hubbell Ltd.
Kempston, Bedfordshire, England
Manufacture and assembly of fuse switches, contactors, timers, lighting fixtures, motor controls.

Killark Electric Manufacturing Company
St. Louis & Louisiana, Missouri
Sparta, Illinois
Standard and specialized wiring devices, lighting fixtures, fittings, and enclosures.

Harvey Hubbell, S.E. Asia (Pte.) Ltd.
Singapore

Transfer Agent(s):

Manufacturers Hanover Trust Co.
New York, New York 10001

Stock Exchange(s): American

Ticker Symbol: HUB.A & HUB.B

Number of Employees:

1988	5,159	1985	5,766
1987	5,211	1984	5,170
1986	5,603		

Plant Footage:

1988 ...... 3,169,400 sq. ft.

Sales & Earnings

	Net Sales ‡	Net Income
1988	$ 614,237,000	$ 71,288,000
1987	581,087,000	62,529,000
1986	558,810,000	54,468,000
1985	521,136,000	47,742,000
1984	467,133,000	42,001,000

	No. of Comm. Shares #	Earn. per Share #
1988	27,237,000	$ 2.61
1987	27,308,000	2.28
1986	26,621,000	2.01
1985	25,476,000	1.82
1984	24,910,000	1.61

‡ Of continuing operations.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1988	$ 1.04	5%	—
1987	0.92	—	
1986	0.78	—	—
1985	0.70	—	2-for-1
1984	0.64	—	—

‡ Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 392,530,000	$ 14.54
1987	354,443,000	!3.17
1986	324,376,000	12.09
1985	280,907,000	10.92
1984	246,262,000	9.91

† Adjusted to reflect stock dividend and stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 614,237	$ 581,087
Cost of sales	407,608	385,172
Expenses	109,211	106,!80
Interest expense	763	644
Interest income	(11,573)	(9,230)
Other expense (income)	1,826	(932)
Income before taxes	$ 106,402	$ 99,253
Income taxes	35,114	36,724
Net Income	$ 71,288	$ 62,529

* Included in Costs and Expenses, Depreciation and Amortization: $14,950,000 in 1988 and $14,164,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. invest.	$ 66,871	$ 61,435
Accts. receiv., net	71,118	67,268
*Inventories	124,355	106,470
Prepaid expenses & other assets	16,430	16,971
Current Assets	$ 278,774	$ 252,144
#Fixed assets	102,443	100,271
Other assets	142,245	125,017
Total Assets	$ 523,462	$ 477,432

Liabilities
(000's)

Accts. payable	$ 19,337	$ 25,246
Accrued salaries	11,087	9,949
Accrued income taxes	21,793	14,425
Accrued taxes	4,927	4,260
Dividends payable	7,200	6,467
Other accrued liab.	23,993	20,544
Curr. Liabilities	$ 88,337	$ 80,891
Deferred income taxes	25,308	22,162
Long-term debt	8,100	8,270
Other liabilities	9,187	8,873
+Redeemable pref. stock	—	2,793
++Common stock:		
Class A	30,806	31,532
Class B	104,154	96,657
Add. paid-in capital	32,767	577
Retained earnings	227,474	230,231
Unreal. loss on invest.	(788)	(1,892)
Cum. trans. adj.	(1,883)	(2,662)
Total Liabilities & Shareholders' Equity	$ 523,462	$ 468,891

* At lower of cost (FIFO and LIFO) or market.
# Less accumulated depreciation & amortization.
+ No par value.
++ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	17.32	17.08
%Net Income to Sales	11.61	10.76
%Net Income to Equity	18.16	17.64
Sales to Inventories	4.94	5.46
Debt to Equity	0.02	0.02
Working Capital	$ 190,437,000	$ 180,300,000
Current Ratio	3.16	3.23
Shareholders' Equity	$ 392,530,000	$ 354,443,000

Hughes Supply, Inc.

521 West Central Boulevard
P.O. Box 2273
Orlando, Florida 32802
(407) 841-4755

Officers: David H. Hughes, chairman of the board, president & chief exec. officer; William C. Wier, exec. v.p.; Robert N. Blackford, secretary; William Y. Ford, v.p.-mfg.; A. S. Hall, Jr., exec. v.p.; Jasper L. Holland, Jr., v.p.-sales & marketing; Russell V. Hughes, v.p.-cost control; Vincent S. Hughes, v.p.-electric utilities sales; Kenneth H. Stephens, v.p.-operations; J. Stephen Zepf, treasurer & chief financial officer; Richard N. Jones, controller; Jacquel K. Clark, asst. secretary.

Directors: David H. Hughes, chairman; Vincent S. Hughes, Russell V. Hughes, Herman B. McManaway, Robert N. Blackford, Clifford M. Hames, John B. Ellis.

Areas of Work: Wholesale distributor of a broad range of materials, equipment and supplies for use in the construction and mechanical trades. The major product lines distributed by the Company consist of electrical, plumbing, and electric utility equipment, contractor supplies, water and sewer products, heating and air conditioning equipment, mechanical pipe, valves and fittings and mobile home supplies.

Through its Southern Manufacturing Company division, the Company manufactures traffic control boxes, power assemblies, other prewired control apparatuses, and custom metal fabrication.

Divisions and Subsidiaries:

Pump & Lighting Company
300 East 9th Street
P.O. Box 34305
Charlotte, North Carolina 28234
(704) 377-1583

USCO Incorporated
115 Henderson Street
P.O. Box 1160
Monroe, North Carolina 28110
(704) 289-5406

A distributor of plumbing supplies, pumps and water systems with 12 sales outlets in the Carolinas.

Paine Supply Companies
1833 Terry Road
P.O. Box 23759
Jackson, Mississippi 39225
(601) 372-2227

A distributor of plumbing and refrigeration supplies with 14 sales outlets in Mississippi and Alabama.

Tri State Supply, Inc.
808 Lake Bradford Road
Tallahassee, Florida 32304
(904) 575-9674

Wholesale distributor of electrical supplies, contractors' and industrial tools, residential lighting fixtures and appliances.

Mills & Lupton Supply Company
749 East 12th Street
P.O. Box 1639
Chattanooga, Tennessee 37401
(615) 266-6171

One Stop Supply, Inc.
414 McNally Drive
P.O. Box 110031
Nashville, Tennessee 37222
(615) 834-0370

Transfer Agent(s):

Sun Bank, N.A.
P.O. Box 3833
Orlando, Florida 32897

Stock Exchange(s): New York

Ticker Symbol: HUG

Sales & Earnings

	Net Sales	Net Income
1988	$ 501,852,000	$ 9,718,000
1987	432,366,000	9,223,000
1986	347,834,000	6,822,000
1985*	324,645,000	6,602,000
1984	310,470,000	6,824,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	4,887,000	$ 1.99
1987	5,001,000	1.84
1986	4,872,000	1.40
1985*	4,983,000	1.33
1984	4,893,000	1.39

* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.31	—	3-for-2
1987	0.27	—	
1986	0.25	—	—
1985	0.21	—	3-for-2
1984	0.21	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 91,331,000	$ 18.89
1987	83,802,000	17.23
1986	77,284,000	15.60
1985	72,443,000	14.50
1984	66,784,000	13.38

‡ Adjusted to reflect stock splits.

Income Account *

Year ended	1/27/89	1/29/88
Net sales	$ 501,852,000	$ 432,366,000
Cost of sales	397,693,000	341,653,000
Expenses	83,773,000	71,400,000
Prov. for doubt. accts.	1,464,000	1,505,000
Interest expense	6,546,000	4,095,000
Interest income	(1,297,000)	(1,196,000)
Other income	(2,159,000)	(1,378,000)
Income before taxes	$ 15,832,000	$ 16,287,000
Income taxes	6,114,000	7,064,000
Net Income	$ 9,718,000	$ 9,223,000

* Included in Costs and Expenses, Depreciation and Amortization: $8,737,000 in 1988 and $6,722,000 in 1987.

Assets

As of	1/27/89	1/29/88
Cash & short-term invest.	$ 2,997,000	$ 1,227,000
Accts. raceiv., net	65,535,000	60,587,000
Deferred inc. taxes	2,189,000	1,639,000
*Inventories	89,452,000	84,024,000
Other curr. assets	4,689,000	3,340,000
Current Assets	$ 164,862,000	$ 150,817,000

#Fixed assets	52,618,000	46,333,000
Other assets	6,897,000	4,588,000
Total Assets	$ 224,377,000	$ 201,738,000

Liabilities

Long-term debt, curr.	$ 2,586,000	$ 2,096,000
Accts. payable	36,891,000	37,935,000
Accrued payroll	6,032,000	5,584,000
Other accruals	8,731,000	6,811,000
Curr. Liabilities	$ 54,240,000	$ 52,426,000
Long-term debt	68,894,000	59,655,000
Oblig. under cap. leases	7,111,000	3,097,000
Deferred inc. taxes	2,137,000	2,093,000
Other liabilities	664,000	665,000
+Common stock	5,040,000	3,369,000
Add. paid-in capital	21,825,000	23,579,000
Retained earnings	67,704,000	59,725,000
Treasury stock	(3,238,000)	(2,871,000)
Total Liabilities & Shareholders' Equity	$ 224,377,000	$ 201,738,000

* At lower of cost (moving average or FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.15	3.77
%Net Income to Sales	1.94	2.13
%Net Income to Equity	10.64	11.01
Sales to Inventories	5.61	5.15
Debt to Equity	0.86	0.77
Working Capital	$ 110,622,000	$ 98,391,000
Current Ratio	3.04	2.88
Shareholders' Equity	$ 91,331,000	$ 83,802,000

Humphrey, Inc.

9212 Balboa Avenue
San Diego, California 92123
(619) 565-6631

Officers: P. E. Humphrey, president & chairman of the board; R. T. Rutherford, sr. v.p.; H.H. Kries, vice president; C. R. Bonnell, vice president; A. K. Mills, vice president; J. L. Alviar, treasurer; D. J. Streed, secretary.

Directors: P. E. Humphrey, chairman; Romilly T. Rutherford, John R. Sorbo, Roger A. Humphrey, Raymond C. Pennington.

Areas of Work: Develops, manufactures and sells electrofluidic and electro-optical instruments for industry and defense. Products include vertical and directional gyroscopes, angular rate sensors, accelerometer switches, free gyros, rate gyros, artificial horizon gyros and repeaters accelographs, potentiometers, rate switches, stabilized platforms, flexure pivots, inertial reference systems, electric hand dryers, blowers, oceanographic components, automotive dynamic-test packages, and pendulums.

Transfer Agent(s):

California First Bank
Corporate Trust Department
P.O. Box 2529
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HUPH (NASDAQ)

Number of Employees:

1988	256	1985	234
1987	220	1984	200
1986	207		

Plant Footage:

1988	35,164 sq. ft.	1985	31,950
1987	34,394	1984	31,950
1986	36,950		

Sales & Earnings

	Net Sales	Net Income #
1988	$ 11,158,245	$ 226,113
1987	11,022,273	(606,906)
1986	12,501,219	327,774
1985	11,678,660	239,710
1984	8,355,462	(453,974)

	No. of Com. Shares	Earn. per Share #‡
1988	1,000,000	$ 0.23
1987	1,000,000	—
1986	1,000,000	0.33
1985	1,000,000	0.24
1984	1,000,000	—

(Loss)
# Including extraordinary gain of $75,500 ($0.08 per share) In 1988.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 3,385,662	$ 3.39
1987	3,159,549	3.16
1986	3,766,455	3.77
1985	3,438,681	3.44
1984	3,198,971	3.20

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 11,158,245	$ 11,022,273
Cost of sales	8,182,213	8,490,360
Expenses	2,386,505	3,093,374
Discounts & int. on accts. receiv. sold	87,805	67,106
Interest expense	257,109	288,139
Inc. (loss) bef. taxes	$ 244,613	$ (916,706)
Income taxes (credit)	94,000	(309,800)
Net Income (Loss)	$ 150,613	$ (606,906)
Extraord. gain	75,500	—
Net Income (Loss) & extraord. gain	$ 226,113	$ (606,906)

* Included in Costs and Expenses, Depreciation and Amortization: $226,077 in 1988 and $269,717 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 38,282	$ 44,289
Receiv., net	2,305,331	2,728,833
Lease receivables	—	22,120
Refund. inc. taxes	—	379,950
*Inventories	4,296,349	3,715,055
Prepaid expenses	38,065	33,066
Current Assets	$ 6,678,027	$ 6,923,313
#Fixed assets	831,135	1,038,621
Marketable securities	2,526	—
Lease receivables	—	6,133
Deposits	100	650
Notes receivable	10,000	9,700
Cash value of life ins.	19,239	17,975
Total Assets	$ 7,541,027	$ 7,996,392

Liabilities

Notes payable	$ 2,391,155	$ 3,135,291
Long-term debt, curr.	49,267	62,364
Accts. payable	1,007,936	780,399
Customer deposits	—	2,089
Accruals	432,319	566,549
Income taxes	18,770	—
Curr. Liabilities	$ 3,899,447	$ 4,5[illegible],692
Long-term debt	255,918	290,151
+ Common stock	1,594,667	1,594,667
Add. paid-in capital	1,000	1,000
Retained earnings	1,789,995	1,563,882
Total Liabilities & Shareholders' Equity	$ 7,541,027	$ 7,996,392

* At lower of cost (average or FIFO) or net realizable market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.19	—
%Net Income to Sales	1.35	—
%Net Income to Equity	4.45	—
Sales to Inventories	2.60	2.97
Debt to Equity	0.80	1.10
Working Capital	$ 2,778,580	$ 2,376,621
Current Ratio	1.71	1.52
Shareholders' Equity	$ 3,385,662	$ 3,159,549

IC Industries, Inc.

One Illinois Center
111 East Wacker Drive
Chicago, Illinois 60601
(312) 565-3000

Officers: William B. Johnson, chairman of the board & chief exec. officer; Boyd F. Schenk, vice chairman; Robert F. Stewart, sr. exec. v.p.; John P. Fagan, exec. v.p.-finance; Robert S. Kirby, exec. v.p.-law & administration & secretary; Bruce S. Chelberg, exec. v.p.; Wendell W. Larsen, sr. v.p.-corp. affairs; Frank T. Westover, sr. v.p. & controller; Ronald A. Wright, sr. v.p.-human resources; Wence F. Cerne, v.p.-real estate; Charles H. Connolly, v.p.-corp. communications; J. Robert Cooper, sr. v.p.-corp. planning & development; Gary A. Lee, v.p.-governmental affairs; Alexander R. Lehmann, v.p.-investor relations; Paul M. O'Hara, v.p.-corp. finance; John F. Palmer, v.p.-taxes; Ralph J. Switzer, v.p. & treasurer; William B. Moore, deputy gen. counsel & asst. secretary; Louis W. Baker, asst. v.p.-taxes; James W. Cobb, asst. v.p.-taxes; Richard D. Neece, v.p.-financial systems; Christine J. Sauser, asst. v.p.-treasury operations & asst. treasurer; Byron E. Waldman, asst. v.p.-governmental affairs; William E. Jantz, asst. v.p.-corp. finance; S. Ed Kridakorn, asst. v.p.-information systems..

Directors: William B. Johnson, chairman; Boyd F. Schenk, Karl D. Bays, Richard G. Cline, Jaes W. Cozad, Archie R. Dykes, John P. Gallagher, Helen Galland, C. Jackson Grayson, Jr., Robert E. Harrah, Walter H. Helmerich, III, Harold R. Logan, Harry A. Merlo, Graham J. Morgan, George T. Scharffenberger, Robert F. Stewart.

Areas of Work: The Company, through its Pneumo Abex Corporation subsidiary, is engaged in the design and manufacture of landing gears and flight controls for commercial and military aircraft. Pneumo Abex also manufactures aerospace hydraulic components, aircraft passenger loading bridges, specialty castings, and automotive friction braking materials. The Company is also involved in the manufacture and distribution of specialty foods and soft drinks; operation of Midas Automotive Service shops, manufacture of food service equipment; and railroad activities.

Subsidiaries:

Pneumo Abex Corporation
4800 Prudential Tower
Boston, Massachusetts 02199
(617) 262-9300
(On April 28, 1988, the Company agreed to sell Pneumo Abex Corporation to a joint venture formed by the Henley Group and Wasserstein, Perella & Company.)

Pet Incorporated
Pepsi-Cola General Bottlers, Inc.
Midas International Corporation
Hussmann Corporation
Illinois Center Corp.
LaSalle Properties, Inc.
South Properties, Inc.
IC Leasing, Inc.

IC Equities, Inc
Illinois Central Gulf Railroad

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Midwest, Pacific, London, Amsterdam, Paris

Ticker Symbol: ICX

Number of Employees:

1986	38,162
1985	43,050
1984	43,148
1983	38,283
1982	39,390

Sales & Earnings x

	Net Sales + (000's)	Net Income (000's)
1986	$ 4,222,400	(136,700)
1985	3,986,600	165,000
1984	3,406,000	125,000
1983	3,100,500	94,800
1982	2,964,200	49,500

	No. of Com. Shares †	Earn. per Share †
1986	110,535,000	$ —
1985	107,057,000	1.52
1984	87,131,000	1.44
1983	N.A.	1.18
1982	N.A.	0.32

N.A. - Not Available.
x Restated to include operations of three Pepsi-Cola franchises acquired on a pooling of interest basis.
+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business
(000's)

	1986	1985
Commercial products	$ 1,659,500	$ 1,363,700
Consumer products	1,856,700	1,713,100
Transportation	706,200	909,800
Total	$ 4,222,400	$ 3,986,600

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ 0.78	—	2-for-1
1985	0.73	—	
1984	0.635	—	2-for-1
1983	0.585	—	—
1982	0.565	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity x

	Total Equity (000's)	Equity Per Share †
1986	$ 1,528,400	$ 13.83
1985	1,653,600	15.45
1984	1,490,800 ‡	17.11
1983	1,134,200 ‡	—

x Restated.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.
‡ After allowing for preferred stock at liquidating value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985 ‡
Net sales and revenues	$ 4,222,400	$ 3,986,600
Costs and expenses:		
Commercial prods.	1,465,200	1,207,200
Consumer prods.	1,631,500	1,519,100
Railroad activites	619,900	832,900
Special charge	449,400	—
Interest expense	159,700	167,800
Other expense (income)	10,000	(16,000)
Income (loss) bef. taxes	$ (113,300)	$ 275,600
Income taxes (credit)	(57,000)	115,300
Inc. (loss) - cont. oper.	$ (56,300)	$ 160,300
Inc. (loss) - discont. oper.	(80,400)	4,700
Net Income (Loss)	$ (136,700)	$ 165,000

* Included in Costs and Expenses, Depreciation and Amortization: $137,400,000 in 1986 and $147,500,000 in 1985.
‡ Restated.

Assets
(000's)

As of December 31	1986	1985 ‡
Cash and equivalents	$ 49,400	$ 244,400
Accts. receiv., net	619,800	555,200
*Inventories	615,400	510,400
Transportation materials	23,000	38,600
Other curr. assets	86,500	162,000
Current Assets	$ 1,394,100	$ 1,510,600
Investments	207,100	244,300
#Fixed assets	2,186,100	2,426,600
Other assets	103,300	86,000
Goodwill	822,300	523,200
Total Assets	$ 4,712,900	$ 4,790,700

Liabilities
(000's)

Notes payable	$ 15,200	$ 1,700
Long-term debt, curr.	112,100	67,800
Accts., wages and dividends payable	326,900	340,800
Inc. taxes pay.	25,600	50,700
Accrued payroll	100,900	105,700
Accrued interest	65,200	64,200
Other accruals	291,600	187,500
Curr. Liabilities	$ 937,500	$ 818,400
Long-term debt	1,509,100	1,509,000
Deferred inc. taxes	471,300	560,600
Other liabilities	114,100	96,600
ICG redeem. pref. stock	152,500	152,500
+Common stock	661,600	577,100
Retained earnings	979,500	1,199,600
Foreign cur. transl.	(106,500)	(99,700)
Treasury stock	(6,200)	(23,400)
Total Liabilities & Shareholders' Equity	$ 4,712,900	$ 4,790,700

‡ Restated.
* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	—	9.98
Debt to Equity	1.07	0.95
Working Capital	$ 456,600,000	$ 692,200,000
Current Ratio	1.49	1.85
Shareholders' Equity	$ 1,528,400,000	$ 1,653,600,000

ICOT Corporation

3801 Zanker Road
P.O. Box 5143
San Jose, California 95150-5143
(408) 433-3300

Officers: Arnold N. Silverman, chairman of the board & president; Richard J. Zalisk, chief operating officer; Peter D. Hepburn, sr. v.p. & secretary; Joel M. Becker, sr. v.p.; Bruce A. Kelley, sr. v.p.; David R. Bunker, v.p. & treasurer; John M. Bloodworth, v.p.; Sandra C. Chroman, v.p.; Kenn T. Dahl, v.p.; Robert J. Lynch, v.p..

Directors: William D. Witter, Neill H. Brownstein, Donald L. Lucas, Arnold N. Silverman.

Areas of Work: The Company designs, manufactures and markets a line of terminals and data communications equipment, used principally by the airline industry. These products allow low-cost, quick retrieval of microfilm data.

Divisions and Subsidiaries:

ICOT International, Ltd.
2 Ashville Way
Wokingham, Berkshire RG11 2PL United Kingdom

ICOT Network Systems Division
One Apple Hill
P.O. Box 8179
Natick, Massachusetts 01760-8179
(617) 237-7722
Manufactures products that allow PC-to-mainframe networking.

ICOT Transaction Systems Division
3801 Zanker Road
P.O. Box 5143
San Jose, California 95150-5143
(408) 433-3300

Acquisition:

Pathway Design, Inc.
Natick, Massachusetts
Manufactures products for the PC-Connectivity market.

Transfer Agent(s):

Bank of America
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ICOT (NASDAQ)

Number of Employees:

1988	240

Sales & Earnings

	Net Sales	Net Income #
1988	$ 33,996,000	$ (6,432,000)
1987	49,740,000	6,233,000
1986	50,345,000	7,339,000
1985	32,385,000	2,123,000
1984	20,691,000	(1,928,000)

	No. of Com. Shares +	Earn. per Share # +
1988	10,848,000	$ —
1987	10,741,000	0.58
1986	10,556,000	0.69
1985	10,276,000	0.21
1984	N.A.	—

(Loss)
N.A. - Not Available.
Including extraordinary credits of $2,494,000 ($0.23 per share) in 1987 and $2,363,000 ($0.22 per share) in 1986.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 25,850,000	$ 2.38
1987	30,666,000	2.86
1986	21,475,000	2.03
1985	12,947,000	1.26
1984	10,696,000	—

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended	7/30/88	8/1/87
Net sales	$ 33,996,000	$ 49,740,000
Cost of sales	20,082,000	26,191,000
Expenses	15,892,000	12,386,000
Research & develop.	5,187,000	5,017,000
Interest income	(823,000)	(820,000)
Interest expense	90,000	109,000
Inc.(loss) before taxes	$ (6,432,000)	$ 6,857,000
Income taxes	—	3,118,000
Net Income (Loss)	$ (6,432,000)	$ 3,739,000
Extraord. gain	—	2,494,000
Net Income (Loss) & extraord. gain	$ (6,432,000)	$ 6,233,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,279,000 in 1988 and $2,151,000 in 1987.
‡ Restated.

Assets

As of July 30	7/30/88	8/1/87
Cash	$ 10,993,000	$ 15,188,000
Accts. receiv., net	5,189,000	6,897,000
* Inventories	6,713,000	4,633,000
Prepaid expenses	704,000	1,306,000
Current Assets	$ 23,599,000	$ 28,024,000
# Fixed assets	3,528,000	3,482,000
Other assets	9,798,000	7,330,000
Total Assets	$ 36,925,000	$ 38,836,000

Liabilities

Short-term borrowings	$ 4,000,000	$ —
Cap. lease oblig., curr.	44,000	40,000
Accts. payable	2,283,000	2,039,000
Accruals	3,109,000	3,842,000
Employee comp.	1,117,000	1,396,000
Curr. Liabilities	$ 10,553,000	$ 7,317,000
Cap. lease oblig.	82,000	130,000
Oblig. under rent commit.	440,000	640,000
Deferred inc. taxes	—	83,000
+ Common stock	2,212,000	2,130,000
Add. paid-in capital	34,826,000	33,292,000
Retained earnings (deficit)	(11,188,000)	(4,756,000)
Total Liabilities & Shareholders' Equity	$ 36,925,000	$ 38,836,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

% Income before Taxes to Sales	—	13.79
% Net Income to Sales	—	7.52
% Net Income to Equity	—	12.19
Sales to Inventories	5.06	10.74
Debt to Equity	0.18	0.03
Working Capital	$ 13,046,000	$ 20,707,000
Current Ratio	2.24	3.83
Shareholders' Equity	$ 25,850,000	$ 30,666,000

Illinois Tool Works Inc.

8501 West Higgins Road
Chicago, Illinois 60631
(312) 693-3040

Officers: Harold Byron Smith, Jr., chairman of the exec. committee; John D. Nichols, chairman & chief exec. officer; Michael W. Gregg, v.p. & controller; Arthur M. Wright, v.p., gen. counsel & secretary; David Byron Smith, v.p. & treasurer; H. Richard Crowther, exec. v.p.-Furniture and International Components and Adhesives; W. James Farrell, exec. v.p.-Specialty Mechanical Products; Robert G. Rettig, exec. v.p.; Thomas W. Buckman, v.p.-patents & technology; Steve A. Stefan, exec. v.p.-Industrial Components, Packaging Systems and Consumables; Sidney H. Paige, v.p.-human resources; Michael Hudson, v.p.-public affairs; Stephen J. Kaye, v.p.-corporate communications; John Deininger, exec. v.p.-Quality Assurance and Machinery Products; John G. Powers, Jr., exec. v.p.-Signode Packaging Systems; Donald L. Van Erden, v.p.-research & advanced development.

Directors: Silas S. Cathcart, Edward Byron Smith, Harold Byron Smith, Jr., Ormand J. Wade, Edward F. Swift, John D. Nichols, Edward R. Telling, J. Thomas Schanck, George D. Kennedy, John W. Vessey, Richard M. Jones, Richard H. Leet.

Areas of Work: Develops and manufactures a broad range of specialty products, principally industrial components; its two major product areas are Engineered Components, and Industrial Systems and Consumables. Engineered components include short-lead time plastic and metal components and small assemblies, metal fasteners and adhesives. Industrial systems and consumables include systems and related consumables for packaging, data entry, measuring, tools and specialty areas.

Divisions and Subsidiaries:

Paktron
Lynchburg, Virginia
Electronic components.

Fastex
Des Plaines, Illinois 60016
Plastic and metal components.

Buildex
Elk Grove Village, IL; Mineral Wells, Texas
Construction fasteners.

ITW Deltar
Mokena, Illinois
Automotive components.

Illitron
Chicago, Illinois 60645
Measuring systems and components.

Diamed
Elk Grove Village, Illinois
Medical disposables and systems.

Shakeproof/Industrial Products
Elgin, IL; Russellville, KY; Mineral Wells, Texas
Industrial fasteners.

Shakeproof/Specialty Products
Elgin, Illinois

Shakeproof/Automotive Products
Elgin, IL; Lancaster, WI; Russellville, Kentucky
Automotive fasteners.

Irathane
Hibbing, Minnesota

Philadelphia Resins
Montgomeryville, Pennsylvania

Meritex (Penang) SND. BHD.
Penang, Malaysia
Thermoplastic profile extrusions.

Plastiglide Limited
Downsview, Ontario, Canada
Plastic components.

Hi-Cone
Charleston, IL; Fullerton, CA; Zebulon, NC; Itasca, Illinois
Multi-packaging.

ITW/Eclipse
Pine Bluff, AR; Detroit, Michigan
Metal cutting tools.

Spiroid
2601 North Keeler Avenue
Chicago, Illinois 60639
Special gearing.

ITW Better Formed Metals
Plastic and metal components.

ITW Data Entry Products
Keyboards and computer peripheral devices.

ITW Drills and End Mills
Perishable cutting tools.

ITW Linac
Cable handling systems.

ITW QCS Tool Systems
Tool Systems.

ITW Heartland Components

ITW Illinois Tools
ITW Southern Gage
Specialty systems and components.

Automotive Controls
Chicago, Illinois

Chronomatic
Chicago, Illinois

ITW Switches
Chicago, IL; Hollywood, FL; Irvington, New Jersey

ITW Linx
Des Plaines, Illinois
Voltage protection equipment.

ITW Nexus
Elk Grove Village, Illinois

Plastiglide
Hawthorne, CA; Waterbury, Connecticut

ITW Woodworth
Ferndale, Michigan
Manufacture of work-holding devices and fixed limit gauges.

Thielex
Piscataway, New Jersey

ITW Entrex
Chicago, Illinois

ITW Fasteners Europe
Construction fasteners and systems and automotive and industrial fasteners.
ITW Buildex/Europe
ITW Shakeproof/Europe

Devcon Corporation
Wood Dale, Illinois
Automotive repair adhesives.

ITW Limited
Reading, England

ITW-Ateco G.m.b.H.
Hamburg, Letmathe, Weiden, Germany

ITW de France S.A.
Paris, France

ITW Fastex Italia, S.p.A.
Turin, Italy

W.A. Deutsher Pty Ltd.
South Oakleigh, Australia

ITW Espana S.A.
Barcelona, Spain

ITW Hi-Cone Ltd.
Mallow, Ireland

International Glide Manufacturing Corp.
Glendale, California
Manufactures casters and other components for the furniture industry.

Magnaflux Corporation
Chicago, Illinois
Manufactures quality control products.

Rust-Lick, Inc.
Danbury, Connecticut
Manufactures rust preventatives.

Signode Industries Inc.
3650 West Lake Avenue
Glenview, Illinois 60025
(312) 273-5180
Consumable products and systems including plastic and steel strapping, stretch film, industrial tape and protective paper packaging together with the machines and systems to apply these products.

Norwood Marking & Equipment Company
Downers Grove, Illinois
Produces hot stamp marking equipment used for the coding and marking--bar codes, batch dates, day codes, and product names--of consumer and industrial packaging products.

Multipak de Venezuela C.A. (48% owned)
Caracas & Valencia, Venezuela

Computer Products, Inc. (23% owned)
Fort Lauderdale, Florida

Quillertech Limited
Bournemouth, England
Manufactures customized membrane front panels for automobiles.

Acquisitions:

Waterbury Buckle Company
Manufactures metal buckles.

Fixlock A.B.
Sweden
Manufactures specialty fastening products.

B & L Plastics Co.
Manufactures injected-molded components.

Ransburg Corporation
Manufactures capital equipment primarily for the automation of industrial processes.

Transfer Agent(s):

Continental Bank N.A.
231 South LaSalle Street
Chicago, Illinois 60697

Stock Exchange(s): New York, Midwest

Ticker Symbol: ITW

Number of Employees:

1988	14,200
1987	13,600
1986	13,700
1985	7,300
1984	7,800

Sales & Earnings

	Oper. Revenues +	Net Income	No. of Com. Shares †	Earn. per Shares #
1988	$ 1,929,805,000	$ 140,012,000	52,794,000	$ 2.66
1987	1,698,353,000	106,184,000	51,780,000	2.06
1986	961,077,000	79,583,000	51,254,000	1.56
1985	596,127,000	31,547,000	50,398,000	0.63
1984	592,253,000	60,004,000	50,152,000	1.20

+ Includes net sales, equipment rentals and royalties.
# Based on the average number of shares outstanding, adjusted to reflect stock splits.
† Adjusted to reflect stock splits.

Revenues By Line of Business

	1988 (000's)	%	1987 (000's)	%
Engineered components	$ 971,508	50 %	$ 825,138	48 %
Industrial systems	966,359	50	883,158	52
Eliminations	(8,062)	--	(9,943)	—
Total	$ 1,929,805	100 %	$1,698,353	100 %

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 0.44	—	—
1987	0.39	—	
1986	0.36	—	—
1985	0.34	—	—
1984	0.3125	—	2-for-1

# Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 744,727,000	$ 14.11
1987	608,541,000	11.75
1986	476,550,000	9.30
1985	403,439,000	8.01
1984	377,557,000	7.53

# Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Operating revenues	$ 1,929,805	$ 1,698,353
Operating costs	1,287,994	1,119,613
Expenses	369,138	339,143
Interest expense	26,109	33,439
Other expense	13,752	6,374
Income before taxes	$ 232,812	$ 199,784
Income taxes	92,800	93,600
Net Income	$ 140,012	$ 106,184

* Included in Costs and Expenses, Depreciation and Amortization: $75,050,000 in 1988 and $74,360,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 26,696	$ 32,052
Accts. receiv., net	316,500	287,345
*Inventories	315,624	291,337
Prepaid inc. taxes	17,565	20,097
Prepaid expenses	37,260	43,328
Current Assets	$ 713,645	$ 674,159
Invest. in leveraged leases	73,055	71,596
#Fixed assets	342,794	318,690
Goodwill	183,775	189,178
Other assets	66,968	80,440
Total Assets	$ 1,380,237	$ 1,334,063

Liabilities
(000's)

Short-term debt	$ 31,690	$ 47,734
Accts. payable	104,547	108,118
Accruals	142,676	138,708
Dividends payable	6,335	5,178
Income taxes	36,114	42,131
Curr. Liabilities	$ 321,362	$ 341,869
Long-term debt	225,907	309,515
Deferred inc. taxes	66,909	55,986
Other liabilities	21,332	18,152
+ Common stock	84,813	76,055
Retained earnings	634,913	512,429
Treasury stock	(1,142)	(725)
Foreign curr. transl.	26,143	20,782
Total Liabilities & Shareholders' Equity	$ 1,380,237	$ 1,334,063

* At lower of cost or market. Domestic inventories at LIFO; all others at FIFO.
# Less accumulated depreciation.
+ $3.33 3/8 par value.

Statistical Summary

%Income bef. Taxes to Revenues	12.06	11.78
%Net Income to Revenues	7.26	6.25
%Net Income to Equity	18.80	17.45
Debt to Equity	0.35	0.59
Working Capital	$ 392,013,000	$ 332,290,000
Current Ratio	2.22	1.97
Shareholders' Equity	$ 744,727,000	$ 608,541,000

Imo Industries Inc.

(formerly Imo Delaval Inc.)

3450 Princeton Pike
P.O. Box 6550
Lawrenceville, New Jersey 08648
(609) 896-7600

Officers: William J. Holcombe, chairman of the board & chief executive officer; Stephen F. Agocs, exec. v.p., general counsel & secretary; Hans R. E. Naumann, exec. v.p.; Donald W. Neukranz, exec. v.p.; James F. Gero, exec. v.p.; Leffert G. Carroll, v.p. & chief financial officer; John J. Carr, group vice president; Richard D. Erickson, group vice president; Philip Garnick, group vice president; Brian Lewis, group vice president; Clinton S. Mathews, vice president-technology & corp. development; Douglas W. Peacock, group vice president; Robert A. Derr, II, v.p. & controller; Ronald G. Rittmann, v.p. & treasurer.

Directors: William J. Holcombe, chairman; Stephen F. Agocs, James B. Edwards, J. Spencer Gould, Richard J. Grosh, Carter P. Thacher.

Areas of Work: The Company's Instruments and Controls Business segment designs and produces transducers, switches and valves for sensing, measuring and controlling pressure, temperature, vibration, and liquid level and flow; spectrometers, optical systems, motor drives, cable and control systems, flexible couplings, fasteners, and night vision systems. The Power Systems Business segment produces turbines, compressors, condensers, bearings, a broad range of pumps, gears and a unique line of three-screw rotary pumps.

Operating Units:

INSTRUMENTS AND CONTROLS BUSINESS

Instruments

Baird Analytical Instruments
Baird Optical Systems

Miller-Holzwarth, Inc.

Bedford, Massachusetts
Salem, Ohio
Zoeterwoude, The Netherlands

Barksdale Controls
Los Angeles, California

CEC Instruments
Los Angeles, California

Fincor Electronics
York, Pennsylvania
Colorado Springs, Colorado

Gems Sensors
Plainville, Connecticut

TransInstruments
Basingstoke, U.K.
Reichelsheim, West Germany
Wetzikon, Switzerland

Mechanical Controls

Adel Fasteners
Huntington, West Virginia

Controlex
Croton Falls, New York

Morse Controls - Europe
Basildon, U.K.

Morse Controls-U.S.
Hudson, Ohio
Singapore

Wiggins Connectors
Los Angeles, California
POWER SYSTEMS BUSINESS

Power Transmission

Aeroproducts
Cleveland, Ohio

Boston Gear
Quincy, Massachusetts
Quincy, Massachusetts; Louisburg, North Carolina;
Singapore

Delroyd Worm Gear
Trenton, New Jersey

Heim Bearings
Fairfield, Connecticut

Imo Pump-Europe
Stockholm, Sweden

Imo Pump-U.S.
Monroe, North Carolina
Columbia, Kentucky

POWER PRODUCTS AND SERVICES

Airfoil
Manchester, Connecticut

Centrimarc
Houston, Texas

Contura
Marysville, Washington

Delaval Condenser
Florence, New Jersey

Delaval Turbine
Trenton, New Jersey

Deltex
Houston, Texas

Acquisition(s):

Varo, Inc.
2203 West Walnut Street
P.O. Box 461426
Garland, Texas 75046-1426
(214) 487-4100

Manufactures high-technology products, principally night vision equipment and image intensification tubes, weapons delivery systems, and power conversion products.

Transfer Agent(s):

American Transtech
P.O. Box 44037
Jacksonville, Florida 32232-4037

Stock Exchange(s): New York

Ticker Symbol: IMD

Number of Employees:

1988	7,700	1987	6,500

Plant Footage:

1988	4,851,000 sq. ft.	1987	3,617,000

Sales & Earnings

	Net Sales +	Net Income
1988	$ 687,215,000	$ 28,300,000
1987	368,500,000	20,100,000
1986	358,400,000	(11,000,000)
1985	384,700,000	8,000,000
1984	392,000,000	18,000,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	15,912,272	$ 1.78
1987	14,207,216	1.42
1986	14,508,810	—
1985	14,508,810	0.55
1984	N.A.	1.25

(Loss)
N.A. - Not Available.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Instruments & controls	$ 370,696	$ 152,020
Power systems	316,519	216,443
Total	$ 687,215	$ 368,463

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.31	—	2-for-1
1987	0.28	—	

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 294,900,000	$ 18.53
1987	208,200,000	14.65
1986	197,600,000	13.62
1985	205,400,000	14.16
1984	205,500,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 687,215	$ 368,463
Cost of sales	477,645	250,181
Expenses:		
Sell., adm., & gen.	129,251	76,910
Res. & develop.	9,414	7,245
Nonrecurring inc.	(1,618)	—
Interest expense	29,442	11,843
Interest income	(915)	(4,194)
Other income	(633)	(2,121)
Eq. in inc. of unconsol. cos.	(1,675)	(921)
Income before taxes	$ 46,304	$ 29,520
Income taxes	18,029	10,800
Cum. effect of acct. change	—	(1,400)
Net Income	$ 28,275	$ 20,120

* Included in Costs and Expenses, Depreciation and Amortization: $23,048,000 in 1988 and $12,916,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term invest.	$ 4,799	$ 18,635
Accts. receiv., net	131,875	116,655
Refundable taxes	4,394	403
*Inventories	164,631	156,996
Prepaid expenses	8,796	8,316
Current Assets	$ 314,495	$ 301,005
Investments	10,828	8,672
# Fixed assets	211,208	158,848
Other assets	36,392	21,168
Intangibles	183,084	114,565
Total Assets	$ 756,007	$ 604,258

Liabilities
(000's)

	1988	1987
Notes payable	$ 11,299	$ 7,345
Long-term debt, curr.	1,826	1,475
Accts. payable	38,852	27,041
Accruals	82,053	68,429
Inc. taxes payable	3,794	—
Curr. Liabilities	$ 137,824	$ 104,290
Long-term debt	279,597	249,923
Deferred inc. taxes	27,659	23,560
Other liabilities	16,001	18,299
+Common stock	18,244	14,582
Add. paid-in capital	73,253	12,913
Retained earnings	207,122	184,034
For. curr. trans.	4,031	4,381
Treasury stock	(7,724)	(7,724)
Total Liabilities & Shareholders' Equity	$ 756,007	$ 604,258

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	6.74	8.01
%Net Income to Sales	4.11	5.46
%Net Income to Equity	9.59	9.66
Sales to Inventories	4.17	2.35
Debt to Equity	0.99	1.24
Working Capital	$ 176,671,000	$ 196,715,000
Current Ratio	2.28	2.89
Shareholders' Equity	$ 294,926,000	$ 208,186,000

Industrial Acoustics Company

1160 Commerce Avenue
Bronx, New York 10462
(212) 931-8000

Officers: Martin Hirschorn, president; Frederic M. Oran, exec. v.p.; Arnold W. Kanarek, sr. v.p. & secretary; John M. Handley, sr. v.p.-market development; Ellis Singer, v.p.-medical/life sciences; Morton I. Schiff, v.p.-special products; Robert E. Schmitt, v.p.-industrial products; Robert A. Schmitt, v.p.-air conditioning; Seymour Wasserman, v.p.-engineering services; August J. Sauter, Jr., v.p.-western region; David A. Collings, v.p.-research & development; Peter Kohner, v.p.-manufacturing; Thomas G. Hickinbotham, v.p.-finance & controller; Jasjit T. Ahluvalia, v.p.-management information systems; Robert J. Buelow, v.p.-architectural; Patrick J. Waters, v.p.-purchasing; Albert J. Cirulli, v.p.-design services; Sudhaker Risbud, asst. v.p.-industrial engineering services; Raymond E. Svana, asst. v.p.-personnel; Edward B. Saxton, v.p.-manufacturing, Industrial Acoustics Company S.C. Inc.; Stanley Gurian, asst. secretary & asst. treasurer.

Directors: Martin Hirschorn, Frederic M. Oran, George J. Sotos, Arnold W. Kanarek.

Areas of Work: Develops, manufactures and markets noise control products. These products include 'packless' and energy-saving silencers, accoustically and fire-rated movable walls, doors and panels, studios for TV, radio and recording, modular medical rooms, shipboard and printing plant noise control systems, quiet air handling units, test facilities for jet engines and aircraft, and clog-resistant silencers for coal-burning plants.

Subsidiaries:

Intra-Acoustics Company, Ltd.
IAC Realty Corporation
Industrial Acoustics Company S.C., Inc.
IAC Development Corporation
Industrial Acoustics Company, GmbH
Industrial Acoustics Company, Ltd.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IACI (NASDAQ)

Sales & Earnings

	Net Sales	Net Income
1988	$ 87,808,000	$ 3,389,000
1987	75,271,000	2,892,000
1986	58,471,000	1,417,000
1985	57,782,000	1,428,000
1984	56,682,000	3,097,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	2,898,000	$ 1.17
1987	2,898,000	1.00
1986	2,898,000	0.49
1985	2,940,000	0.49
1984	2,942,000	1.05

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.25	—	—
1987	0.25	—	
1986	0.25	—	—
1985	0.25	—	—
1984	0.25	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 29,974,430	$ 10.34
1987	27,469,986	9.48
1986	24,298,846	8.38
1985	23,557,718	8.01
1984	22,628,431	7.69

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 87,807,782	$ 75,270,664
Other income	2,012,960	2,013,196
Total income	$ 89,820,742	$ 77,283,860
Cost of sales	71,408,248	61,631,546
Expenses	12,376,840	10,122,329
Interest expense	367,635	352,172
Other expense	435,641	504,124
Income before taxes	$ 5,232,378	$ 4,673,689
Income taxes	1,843,731	1,781,579
Net Income	$ 3,388,647	$ 2,892,110

* Included in Costs and Expenses, Depreciation and Amortization: $1,460,086 in 1988 and $1,200,963 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 7,837,281	$ 3,742,013
Short-term invest.	1,655,125	1,563,748
Accts. receiv., net	13,997,144	15,696,550
Billings on uncomp. contracts	13,426,332	10,403,055
Other curr. assets	1,088,712	1,181,867
*Inventories	5,227,203	5,870,618
Prepaid expenses	2,124,333	1,987,757
Current Assets	$ 45,356,130	$ 40,445,608
Investments	6,722,033	9,115,082
#Fixed assets	9,977,370	9,319,339
Defer. charges	777,310	821,083
Total Assets	$ 62,832,843	$ 59,701,112

Liabilities

Long-term debt, curr.	$ 628,305	$ 354,821
Accts. payable	13,647,900	14,830,652
Accrued commissions	1,530,946	1,427,870
Accrued payroll	2,664,389	3,388,462
Other accruals	4,253,934	3,055,528
Income taxes	1,398,035	2,908,175
Cust. deposits	3,134,388	624,744
Billings on uncomp. contracts in exc. of costs	76,708	453,069
Curr. Liabilities	$ 27,334,605	$ 27,043,321
Cap. lease oblig.	1,475,902	1,269,788
Long-term debt	2,317,421	2,371,034
Deferred comp.	1,161,422	1,069,967
Deferred inc. taxes	569,063	477,016
+ Common stock	289,831	289,831
Add. paid-in capital	1,668,552	1,678,952
Cum. curr. trans. adjust.	540,985	690,211
Retained earnings	27,475,062	24,810,992
Total Liabilities & Shareholders' Equity	$ 62,832,843	$ 59,701,112

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.96	6.21
%Net Income to Sales	3.86	3.84
%Net Income to Equity	11.31	10.53
Sales to Inventories	16.80	12.82
Debt to Equity	0.15	0.15
Working Capital	$ 18,021,525	$ 13,402,287
Current Ratio	1.66	1.50
Shareholders' Equity	$ 29,974,430	$ 27,469,986

Information International, Inc.

5933 Slauson Ave.
Culver City, California 90230
(213) 390-8611

Officers: Alfred L. Fenaughty, president & chief exec. officer; Joseph M. Walsh, chairman; Robert W. Waller, v.p.-engineering; John B. Hansen, v.p.-programming; Terry N. Taugner, v.p.-finance & treasurer; Stephen J. A'Hearn, v.p.-sales; Leroy M. Bell, v.p.-customer support; Donald G. Gerlich, v.p.-planning.

Directors: Joseph M. Walsh, chairman; Alfred L. Fenaughty, Robert W. Waller, Laurence S. Fordham, Joseph F. Engelberger, Oliver G. Selfridge, John McCarthy, Ronald Paolucci, Thomas J. Farrell.

Areas of Work: Manufactures, sells and rents automated-illustrated documentation systems, including text entry and edit, photographic scanners, page layout terminals, and pagesetters.

Subsidiaries:

Information International GRAFIX, Ltd.
64 High Street
Egham, Surrey TW20 9EY England

KBK, Inc.
Seventh Floor, New Otemachi Building
2-1, 2-Chome, Otemachi, Chiyoda, Ku
Tokyo, 100-9, Japan

Transfer Agents:

The Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IINT (NASDAQ)

Number of Employees:

1988	389	1986	378
1987	384	1985	388

Plant Footage:

1988	94,000 sq. ft.	1986	94,000
1987	94,000	1985	94,000

Sales & Earnings

	Revenue ‡	Net Income
1988	$ 33,455,890	$ 1,854,091
1987	34,183,881	2,468,391
1986	29,754,012	546,633
1985	28,355,202	2,641,079
1984	28,097,952	2,464,145

	No. of Com. Shares	Earn. per Share +
1988	2,236,568	$ 0.79
1987	2,437,408	1.03
1986	2,369,541	0.22
1985	2,525,552	1.03
1984	2,624,918	0.94

‡ Includes sales and equipment rentals; of continuing operations only.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 25,427,162	$ 11.37
1987	25,922,178	10.64
1986	23,210,326	9.80
1985	25,019,288	9.91
1984	24,055,217	9.16

Income Account *

Year ended April 30	1988	1987
Net sales	$ 27,488,399	$ 28,242,665
Equip. rentals	5,967,491	5,941,216
Total revenues	$ 33,455,890	$ 34,183,881
Cost of revenues	16,493,897	16,660,099
Expenses	16,388,973	14,909,578
Oper. profit	$ 573,020	$ 2,614,204
Interest income	1,039,463	720,459
Lawsuit settlement	1,250,000	1,250,000
Other income	48,914	60,423
Income before taxes	$ 2,911,397	$ 4,645,086
Income taxes	1,057,306	2,176,695
Net Income	$ 1,854,091	$ 2,468,391

* Included in Costs and Expenses, Depreciation and Amortization: $1,365,186 in 1988 and $1,457,604 in 1987.

Assets

As of April 30	1988	1987
Cash	$ 274,168	$ 225,560
Short term investments	8,266,464	12,066,507
Receiv., net	2,565,786	3,826,925
*Inventories	8,211,863	10,001,849
Prepaid expenses	244,057	150,451
Current Assets	$ 19,562,338	$ 26,271,292
Investment & notes receiv.	7,357,475	271,616
#Fixed Assets	5,140,465	5,945,469
Total Assets	$ 32,060,278	$ 32,488,377

Liabilities

Customer advances	$ 1,514,653	$ 1,448,683
Accts. payable	934,262	740,564
Accrued payroll	1,617,437	1,398,884
Prof. sharing	690,000	728,745
Income taxes	476,770	491,317
Dividend declared	254,101	274,791
Other accruals	93,009	230,355
Curr. Liabilities	$ 5,580,232	$ 5,313,339
Def. inc. taxes	1,052,884	1,252,860
+Common stock	693,393	688,027
Add. paid-in capital	12,683,990	12,390,071
Retained earnings	18,010,238	16,648,483
Treasury stock	(6,024,294)	(3,794,789)
Cum. trans. adjust.	63,835	(9,614)
Total Liabilities & Shareholders' Equity	$ 32,060,278	$ 32,488,377

* At lower cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

% Income bef. Taxes to Sales	10.59	16.45
% Net Income to Sales	6.74	8.74
% Net Income to Equity	7.29	9.52
Sales to Inventories	3.35	2.82
Working Capital	$ 13,982,106	$ 20,957,953
Current Ratio	3.51	4.94
Shareholders' Equity	$ 25,427,162	$ 25,922,178

Insilco Corporation

(Went private via a leveraged buyout on October 9, 1988.)

300 North Marenfeld
Midland, Texas 79701
(915) 684-4411

Officers: Donald J. Harper, chairman, president & chief exec. officer; John A. McLendon, exec. v.p. & chief operating officer; Gregory B. Howey, exec. v.p.-planning & administration; George E. Peterson, Jr., v.p. & gen. counsel; Herbert F. Kahler, v.p.; William E. Baer, v.p.; John C. Scott, v.p.; Malcolm S. Todt, v.p. & treasurer; John J. Weber, v.p. & controller; Sherwood S. Willard, secretary; Randolph B. Marston, v.p. & pres.-Taylor Publishing Company.

Directors: Donald J. Harper, chairman; William O. Bailey, Wallace Barnes, Durand B. Blatz, Richard M. Bliss, Raymond D'Argenio, Bernard N. Kelly, Wendy Luscombe, Randolph B. Marston, John A. McLendon, Frank R. O'Keefe, Jr., James W. Taylor, Preston Townley.

Areas of Work: In the area of electronics/communications, the Company's Basic Industries Division produces precision parts manufactured to close tolerances, principally for use in mainframe computer drives. The Computer Circuitry Group provides specialized wire harnesses, coaxial and multiconductor cable, and wire and cable assemblies to the computer and telecommunications industries. Signal Transformer Co., Inc. designs, manufactures and sells a full range of power transformers for use in electronic applications. Stewart Stamping manufactures and distributes formed wire and small precision stamped parts for the electronics and telecommunications industries and is licensed by Western Electric Company to manufacture and distribute telephone and computer connectors. Dual-Lite is engaged in the business of manufacturing and selling electrical products to the construction industry, including battery-powered emergency lighting equipment and systems and plug-in flexible wiring products.

In the area of metal parts, the Company's Steel Parts Corporation manufactures automobile parts, including clutch plates, suspension, engine and transmission component parts for original equipment automobile manufacturers. Thermal Components, Inc. designs and manufactures heat exchange products, including thin-walled tubing and air conditioning condensers and evaporators for the transportation and industrial equipment industries. Romac Metals, Inc. manufactures stainless steel tubing which is sold to broadly diversified markets. Thermalex Corporation, a joint venture between Thermal Components, Inc. and Mitsubishi Aluminum Co., Ltd., produces high-precision aluminum extrusions, principally for use in heat exchange applications. Valentec International Corporation manufactures components such as metal cartridges, cartridge link belts, and expendable projectiles primarily for the defense industry. Dayron Corporation manufactures mechanical and electromechanical fuses used in the defense industry.

Other Company operations include the supplying of paint, wallpaper and wallcoverings, high-school and college yearbooks and specialty book publishing, office products, and lighting equipment.

Divisions and Subsidiaries:

Basic Industries Division
Computer Circuitry Group, Inc.
Signal Transformer Co., Inc.
Stewart Stamping Corporation
Steel Parts Corporation
Thermal Components, Inc.
Valentec International Corporation
Red Devil Coatings, Inc.
Sinclair Paint Company
Taylor Publishing Company
Rolodex Corporation

Dayron Corporation
Orlando, Florida
Manufactures fuzes for military applications.

Romac Metals, Inc.
Troutman, North Carolina
Manufactures stainless steel tubing for applications in the marine, health care and architectural accessories industries.

Dual-Lite Inc.
Newtown, Connecticut
Manufactures battery-powered emergency lighting equipment.

DAC Software, Inc.
Dallas, Texas
Supplies accounting software and related services to small businesses.

Metro Files Inc.
Publishes a line of directories.

Number of Employees:

1987	7,400	1984	8,200
1986	7,800	1983	7,600
1985	7,400		

Plant Footage:

1987	2,370,000 sq. ft.	1986	2,203,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 639,747,000	$ (10,679,000)
1986	662,474,000	33,345,000
1985	732,866,000	16,119,000
1984	698,481,000	33,041,000
1983	599,519,000	34,317,000

	No. of Com. Shares †	Earn. per Share ‡
1987	20,875,000	$ —
1986	20,814,000	1.58
1985	20,681,000	1.30
1984	18,755,000	1.74
1983	18,681,000	1.81

(Loss)
+ Of continuing operations only.
† Adjusted to reflect stock dividends.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues by Line of Business
(000's)

	1987	1986
Specialty component prods.:		
Electronics/ communications	$ 153,176	$ 113,868
Metal parts	231,842	196,319
Specialty consumer prods.:		
Paint	129,253	121,671
Publishing/office prods.	125,476	120,158
Divested subsidiaries	—	110,458
Total	$ 639,747	$ 662,474

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.00	—	—
1986	0.95	5%	
1985	0.95	—	—
1984	0.90	5%	—
1983	0.86	—	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share †
1987	$ 300,264,000	$ 14.38
1986	330,560,000	15.88
1985	314,815,000	15.22
1984	270,289,000	14.41
1983	253,134,000	13.55

† Adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 639,747	$ 662,474
Cost of sales	431,693	454,780
Expenses	147,519	162,572
Interest expense	16,644	19,223
Interest income	(2,306)	(2,768)
Other income	(3,840)	(5,511)
Gain on sale of subsid.	—	(17,000)
Income before taxes	$ 50,037	$ 51,178
Income taxes	16,129	14,518
Inc. - cont. oper.	$ 33,908	$ 36,660
Loss - discont. oper.	(47,755)	(3,315)
Cum. effect of accntng. change	3,168	—
Net Income (Loss)	$ (10,679)	$ 33,345

* Included in Costs and Expenses, Depreciation and Amortization: $21,202,000 in 1987 and $22,063,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 33,183	$ 15,160
Marketable securities	3,502	3,062
Accts. receiv., net	79,116	78,468
Miles Home Ownership Plan receiv.	—	54,318
Other receivables	13,775	25,963
Refundable taxes	—	181
*Inventories	106,685	95,209
Prepaid expenses	9,297	7,542
Net assets - discont. oper.	45,984	—
Current Assets	$ 291,542	$ 279,903
Investments	—	109,727
Receiv. from sales of subsid.	4,374	5,291
#Fixed assets	162,167	160,174
Other assets	41,327	61,488
Intangibles	154,161	102,015
Total Assets	$ 653,571	$ 718,598

Liabilities
(000's)

	1987	1986
Short-term borrowings	$ 22,816	$ 31,000
Long-term debt, curr.	22,001	21,894
Accts. payable	38,094	43,688
Accruals	31,936	33,895
Cust. deposits	16,777	15,124
Accrued payroll	19,438	17,487
Income taxes	6,566	15,856
Deferred taxes	7,655	—
Curr. Liabilities	$ 165,283	$ 178,944
Long-term debt	142,639	113,736
Oblig. under cap. leases	1,634	1,782
Deferred inc. taxes	23,170	75,654
Other liabilities	20,581	17,922
+ Common stock	21,474	21,357
Add. paid-in capital	222,328	220,103
Retained earnings	64,132	95,690
Treasury stock	(7,670)	(6,590)
Total Liabilities & Shareholders' Equity	$ 653,571	$ 718,598

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1987	1986
%Net Income to Equity	—	10.09
Sales to Inventories	6.00	6.96
Debt to Equity	0.63	0.51
Working Capital	$ 126,259,000	$ 100,959,000
Current Ratio	1.76	1.56
Shareholders' Equity	$ 300,264,000	$ 330,560,000

Instron Corporation

100 Royall Street
Canton, Massachusetts 02021
(617) 828-2500

Officers: Harold Hindman, chairman of the board & chief executive officer; George S. Burr, vice chairman; Salvatore J. Vinciguerra, president & chief operating officer; Ian M. MacGregor, v.p. & managing director of Instron Limited; Cosmo S. Trapani, v.p.-finance & treasurer; Paul R. Rugo, secretary & clerk; Beryl Maddows, asst. secretary & asst. clerk; John R. Barrett, asst. treasurer.

Directors: George S. Burr, Jr., Paul R. Rugo, Nicholas J. Grant, Harold Hindman, Robert Cushman, Richard W. Young, Salvatore J. Vinciguerra, Charles H. Ehlers, John W. Lacey.

Areas of Work: Develops, manufactures and distributes electromechanical servohydraulic, rheometic, and electromagnetic resonance instruments, systems and accessories for assessing the physical and mechanical characteristics of the full spectrum of the earth's materials. The Company's product line includes instruments and systems that are microprocessor or computer controlled.

Subsidiaries:

Instron Limited
Coronation Road
High Wycombe
Bucks HP12 3SY, England

Instron International, Ltd.
England

Instron, S.A.
Buc, France

Instron Japan Company, Ltd.
Toyko, Japan

Instron Pty. Ltd.
Melbourne, Australia

Instron Canada, Ltd.
Burlington, Ontario, Canada

Equipamentos Cientificos Instron Ltda.
Sao Paulo, Brazil

Instron Asia Limited
Toyko, Japan

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: ISN

Number of Employees:

1988	1,040	1985	1,039
1987	1,086	1984	1,000
1986	1,037		

Plant Footage:

1988	N.A.	1985	245,000
1987	253,500 sq. ft.	1984	245,000
1986	253,500		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income †
1988	$ 111,537,000	$ 2,446,000
1987	95,749,000	3,336,000
1986	87,384,000	4,664,000
1985	78,917,000	4,279,000
1984	68,169,000	734,000

	No. of Com. Shares +	Earn. per Share †#
1988	6,064,992	$ 0.40
1987	5,949,474	0.54
1986	6,019,574	0.75
1985	6,002,202	0.69
1984	5,970,702	0.12

† Including extraordinary gain of $452,000 ($0.07 per share) in 1985.
+ Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.12	—	—
1987	0.12	—	
1986	0.115	—	2-for-1
1985	0.099	—	3-for-2
1984	0.09	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 35,361,000	$ 5.83
1987	33,946,000	5.71
1986	28,213,000	4.69
1985	23,795,000	3.96
1984	18,111,000	3.04

+ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 111,537,000	$ 95,749,000
Cost of sales	57,926,000	46,458,000
Expenses	47.272,000	42,035,000
Oper. profit	$ 6,339,000	$ 7,256,000
Foreign exchange	(11,000)	243,000
Interest expense	2,067,000	1,533,000
Interest income	(23,000)	(83,000)
Income before taxes	$ 4,306,000	$ 5,563,000
Income taxes	1,860,000	2,227,000
Net Income	$ 2,446,000	$ 3,336,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,058,000 in 1988 and $2,725,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 982,000	$ 2,004,000
Accts. receiv, net	34,163,000	29,792,000
*Inventories	27,396,000	28,566,000
Deferred inc. taxes	868,000	—
Prepaid expenses & other assets	1,690,000	2,003,000
Current Assets	$ 65,099,000	$ 62,365,000
#Fixed assets	20,214,000	17,307,000
Other assets	953,000	759,000
Total Assets	$ 86,266,000	$ 80,431,000

Liabilities

	1988	1987
Notes payable	$ 12,449,000	$ 23,865,000
Long-term debt, curr.	152,000	311,000
Accts. payable	8,217,000	7,522,000
Accruals	9,274,000	8,927,000
Income taxes	1,920,000	2,062,000
Advanced payments	638,000	542,000
Curr. Laibilities	$ 32,650,000	$ 43,229,000

Long-term debt	15,409,000	—
Oblig. under cap. leases	120,000	289,000
Deferred inc. taxes	1,271,000	1,375,000
Long-term liabilities	1,455,000	1,592,000
+Common stock	6,141,000	6,026,000
Add. paid-in capital	790,000	413,000
Retained earnings	30,380,000	28,660,000
Cum. trans. adjust.	(1,226,000)	(428,000)
Treasury stock	(724,000)	(725,000)
Total Liabilities & Shareholders' Equity	$ 86,266,000	$ 80,431,000

* At lower of cost or market. Inventories valued at LIFO in U.S. & Japan, FIFO in all other countries.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income before Taxes to Sales	3.86	5.81
%Net Income to Sales	2.19	3.48
%Net Income to Equity	7.33	9.83
Sales to Inventories	4.07	3.35
Debt to Equity	0.84	0.72
Working Capital	$ 32,449,000	$ 19,136,000
Current Ratio	1.99	1.44
Shareholders' Equity	$ 33,361,000	$ 33,946,000

Instrument Systems Corporation

100 Jericho Quadrangle
Jericho, New York 11753
(516) 938-5544

Officers: Harvey R. Blau, chairman of the board; Robert Balemian, president; Herbert J. Fleming, v.p.; Susan E. Reilly, secretary; Patrick L. Alesia, treasurer.

Directors: Bertrand Bell, Abraham Buchman, Turner F. Caldwell, Roy Carol, J. Frank Stengel, Jr., William H. Waldorf, Robert Balemian, Harvey R. Blau, Robert Bradley, Clarence A. Hill, Jr., Milton Paulson, Lester L. Wolff.

Areas of Work: Through its electronics subsidiary, Telephonics Corporation, the company is engaged in the manufacture of air traffic control systems, command and control systems, communications systems, processing and display systems, airborne and ground-based radar systems, microwave landing guidance systems, radio control and audio distribution systems, performance monitoring systems, microwave and audio components, and custom large scale integrated circuits.

Clopay Corporation produces specialty plastic films for disposable surgical and patient care products and disposable diapers. Also manufactures a broad line of garage doors for the residential, commercial and industrial markets, and manufactures and markets a wide varity of window coverings, drapery hardware and other related products and accessories.

Oneita Industries manufactures and distributes basic apparel products such as T-shirts sold to screenprinters; and infantswear and other knit products primarily sold to major merchandisers.

Through Western Synthetic Felt, the Company manufactures synthetic batting.

Through Standard-Keil Hardware, the Company manufactures specialty hardware for commercial refrigeration and beverage dispensing equipment.

Divisions and Subsidiaries:

Instrument Systems International, Inc.
State Road 686, Kil. 0.5
Vega Baja, Puerto Rico
(809) 858-1440

Telephonics Corporation
770 Park Avenue
Huntington, New York 11743
(516) 549-6000

Clopay Corporation
Cincinnati, Ohio

Oneita Industries

Western Synthetic Felt
Carson & Los Angeles, California

Standard-Keil Hardware
Allenwood, New Jersey

Transfer Agent(s):

American Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: ISY

Number of Employees:
1988 5,000

Sales & Earnings

	Net Sales ‡	Net Income #
1988	$ 381,080,000	$ 8,830,000
1987	356,792,000	8,719,000
1986	237,353,000	8,102,000
1985	182,470,000	9,147,000
1984	115,374,000	6,592,000

	No. of Com. Shares	Earn. per Share # +
1988	30,636,079	$ 0.07
1987	30,416,200	0.10
1986	30,338,067	0.25
1985	30,306,294	0.33
1984	21,394,985	0.29

‡ Of continuing operations only.
# Including extraordinary gains of $3,720,000 (0.12 per share) in 1988, $3,168,000 ($0.10 per share) in 1987, $3,576,000 ($0.11 per share) in 1986, $4,500,000 ($0.16 per share) in 1985 and $2,800,000 ($0.12 per share) in 1984.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Home furnishings & furn. related products	$ 156,390,000	$ 149,031,000
Electronic comm. equipment	50,875,000	55,254,000
Specialty plastic films	63,731,000	48,845,000
Textiles	89,693,000	83,781,000
Other prods.	20,391,000	19,881,000
Total	$ 381,080,000	$ 356,792,000

Common Stock Equity

	Total Equity ‡	Equity Per Share
1988	$ 48,331,000	$ 1.58
1987	56,000,000	1.84
1986	52,692,000	1.74
1985	46,766,000	1.54
1984	24,066,000	1.12

‡ After allowing for preferred stock Second Series I at liquidation value.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 381,080,000	$ 356,792,000
Cost of sales	297,776,000	271,580,000
Expenses	66,875,000	68,239,000
Interest expenses	4,644,000	4,705,000
Gain on pension plan rever.	(1,760,000)	—
Other income	(1,582,000)	(819,000)
Income bef. taxes	$ 11,963,000	$ 13,087,000
Income taxes	5,800,000	6,300,000
Minority interest	92,000	—
Inc.-cont. oper.	$ 6,071,000	$ 6,787,000
Loss-discont. oper.	(961,000)	(1,236,000)
Net Income	$ 5,110,000	$ 5,551,000
Extraordinary gain	3,720,000	3,168,000
Net Income & extraord. gain	$ 8,830,000	$ 8,719,000

* Included in Costs and Expenses, Depreciation and Amortization: $7,761,000 in 1988 and $7,439,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash & cash equiv.	$ 6,947,000	$ 10,949,000
Market. securities	7,986,000	9,167,000
Accts. receiv., net	40,024,000	40,796,000
Inc. not yet billed	5,292,000	4,410,000
* Inventories	81,521,000	71,463,000
Prepaid expenses	5,722,000	4,054,000
Current Assets	$ 147,492,000	$ 140,839,000
# Fixed assets	45,118,000	48,201,000
Other assets	30,545,000	33,523,000
Total Assets	$ 223,155,000	$ 222,563,000

Liabilities

Notes payable	$ 13,672,000	$ 13,695,000
Long-term debt, curr.	2,547,000	3,138,000
Accts. payable	29,322,000	26,710,000
Accruals	21,312,000	26,905,000
Curr. Liabilities	$ 66,853,000	$ 70,448,000
Long-term debt	20,883,000	22,491,000
Cap. lease oblig	6,041,000	4,732,000
Liab. of emp. stock ownership plan	3,815,000	4,315,000
Minority interest	12,248,000	—
Redeem. pref. stock	47,917,000	47,510,000
+ Preferred stock:		
Series A	2,000	2,000
Series I	427,000	427,000
+ Common stock	7,659,000	7,604,000
Add. paid-in capital	66,023,000	77,542,000
Retained earnings (deficit)	2,559,000	(6,271,000)
Deferred comp.	(4,723,000)	(5,537,000)
Redempt. val. Series A pref. stock	(700,000)	(700,000)
Treasury stock	(5,849,000)	—
Total Liabilities & Shareholders' Equity	$ 223,155,000	$ 222,563,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Net Income to Equity	7.81	7.60
Sales to Inventories	4.67	4.99
Debt to Equity	0.66	0.60
Working Capital	$ 80,639,000	$ 70,391,000
Current Ratio	2.21	2.00
Shareholders' Equity	$ 65,398,000	$ 73,067,000

Integrated Device Technology, Inc.

3236 Scott Boulevard
P.O. Box 58015
Santa Clara, California 95052-8015
(408) 727-6116

Officers: D. John Carey, chairman & chief exec. officer; Leonard C. Perham, president & chief operating officer; Joseph F. Santandrea, v.p. & gen. mgr.-Subsystems Division; Alan H. Huggins, v.p. & gen. mgr.-Static RAM Division; Jay R. Zerfoss, v.p.-finance, chief financial officer &

secretary; Charles E. Crane, v.p.-product assurance; John R. Mick, v.p.-product definition, applications engineering & design automation; Thomas B. Wroblewski, v.p.-material & human resources; Joseph J. Zabkar, v.p.-sales; Larry T. Jordan, v.p.-marketing; John E. Meyer, v.p. & gen. mgr.-Digital Signal Processing Division.

Directors: D. John Carey, chairman; Leonard C. Perham, Carl E. Berg, Louis B. Sullivan.

Areas of Work: Designs and manufactures complex proprietary and industry-standard integrated circuits using high-performance Complementary Metal Oxide Semiconductor (CMOS) technology. Major product areas include: static Random Access Memories (RAM), Digital Signal Processing (DSP) devices, memory interface logic and subsystem assemblies. These products are used in a variety of electronics markets, ranging from the military to the telecommuncations, aerospace, industrial and computer markets.

Divisions:

Static RAM Division
Salinas, California

Subsystems Division
Santa Clara, California

Digital Signal Processing Division
Santa Clara, California

Technology Development Division
Santa Clara, California

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IDTI (NASDAQ)

Number of Employees:

1988	1,328	1985	478
1987	862	1984	255
1986	691		

Sales & Earnings

	Net Sales	Net Income †
1988	$ 121,094,000	$ 11,583,000
1987	77,807,000	2,565,000
1986	57,738,000	4,631,000
1985	38,392,000	5,565,000
1984	14,179,000	(662,000)

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	25,272,000	$ 0.46
1987	24,245,000	0.11
1986	21,038,000	0.22
1985	20,764,000	0.27
1984	13,735,000	—

(Loss)
† Including extraordinary gains of $1,440,000 ($0.07 per share) in 1986 and $2,544,000 ($0.12 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 86,437,000	$ 3.42
1987	71,792,000	2.96
1986	67,858,000	3.23
1985	24,959,000	1.20
1984	19,106,000	1.39

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	3/27/88	3/29/87
Net sales	$ 121,094	$ 77,807
Cost of sales	55,733	39,956
Expenses:		
Res. and develop.	18,771	14,150
Sell., gen. and admin.	28,142	19,759
Interest expense	391	695
Income before taxes	$ 18,057	$ 3,247
Income taxes	6,474	682
Net Income	$ 11,583	$ 2,565

* Included in Costs and Expenses, Depreciation and Amortization: $13,581,000 in 1988 and $10,870,000 in 1987.

Assets
(000's)

As of	3/27/88	3/29/87
Cash	$ 28,787	$ 24,994
Accts. receiv., net	25,607	17,433
*Inventories	21,168	14,408
Deferred inc. taxes	8,639	4,532
Prepaid expenses	3,682	3,341
Current Assets	$ 87,883	$ 64,708
#Fixed assets	63,646	49,333
Leasehold interests	1,775	1,927
Total Assets	$ 153,304	$ 115,968

Liabilities
(000's)

	3/27/88	3/29/87
Accts. payable	$ 11,075	$ 7,760
Accrued payroll	4,424	1,884
Deferred sales to distributors	9,990	6,211
Income taxes pay.	4,656	805
Other accruals	3,031	3,655
Cap. lease oblig., curr.	7,752	5,557
Curr. Liabilities	$ 40,928	$ 25,872
Cap. lease oblig.	20,905	14,638
Deferred inc. taxes	5,034	3,666
+Common Stock	24	23
Add. paid-in capital	70,922	67,711
Retained earnings	15,649	4,067
For. curr. trans. adjust.	27	—
Treasury stock	(185)	—
Note receiv.-shareholder	—	(9)
Total Liabilities & Shareholders' Equity	$ 153,304	$ 115,968

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.001 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.91	4.17
%Net Income to Sales	9.57	3.30
%Net Income to Equity	13.40	3.57
Sales to Inventories	5.72	5.40
Debt to Equity	0.33	0.28
Working Capital	$ 46,955,000	$ 38,836,000
Current Ratio	2.15	2.50
Shareholders' Equity	$ 86,437,000	$ 71,792,000

Intel Corporation

3065 Bowers Avenue
Santa Clara, California 95052-8131
(408) 765-8080

Officers: Gordon E. Moore, chairman of the board; Robert N. Noyce, vice chairman; Andrew S. Grove, president & chief executive officer; Laurence R. Hootnick, sr. v.p. & gen. mgr.-operations, Embedded Controller and Memory Group; Leslie L. Vadasz, sr. v.p. & gen. mgr.-Systems Group; David L. House, v.p. & gen. mgr.-Microcomputer Components Group; Keith L. Thomson, v.p. & gen. mgr.-Operations Systems Group; Harold E. Hughes, Jr., v.p. & dir.-Business Development, Component Technology & Development Group; Richard D. Boucher, v.p.-corp. programs; Ronald J. Whittier, v.p. & dir.-marketing; Craig R. Barrett, sr. v.p. & gen. mgr.-Microcomputer Components Group; Robert T. Jenkins, v.p. & gen. mgr.-Memory Components Division; Gerhard H. Parker, v.p. & gen mgr.-Component Technology & Development Group; Robert W. Reed, sr. v.p., dir.-Administration Group & chief financial officer; F. Thomas Dunlap, Jr., v.p., gen. counsel & secretary; Frank C. Gill, sr. v.p. & dir.-sales; Bernard P. Giroud, v.p. & president-Intel Europe; Albert Y.C. Yu, v.p. & gen. mgr.-Component Technology & Development Group; Jean-Claude Cornet, v.p. & gen. mgr.-Santa Clara Microcomputer Division; Carlene M. Ellis, v.p. & dir.-Administration Group; Arvind Sodhani, treasurer.

Directors: Gordon E. Moore*, chairman; Arthur Rock*, Andrew S. Grove*, D. James Guzy, Richard Hodgson, Sanford Kaplan, Robert N. Noyce*, Max Palevsky, Charles E. Young, Leslie L. Vadasz*.

* Member of the Executive Committee

Areas of Work: Engaged in the design, development, manufacture and sale of VLSI (very large scale integrated) semiconductor components and systems incorporating these components.

Subsidiaries:

Intel Corporation S.A.R.L.
1 Rue Edison-BP 303
78054 St. Quentin en Yvelines Cedex
France

Intel Japan K.K.
5-6 Tokodai
Tsukuba-shi
Ibaraki-ken, 300-26, Japan

Transfer Agent(s):

The First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INTC (NASDAQ)

Number of Employees:

1988	20,800	1985	25,400
1987	N.A.	1984	25,400
1986	18,200		

Plant Footage:

1988	4,268,000 sq. ft.	1985	N.A.
1987	N.A.	1984	3,084,000
1986	3,972,000		

N.A. - Not Available.

Sales & Earnings

	Net Revenues	Net Income †
1988	$ 2,874,769,000	$ 452,922,000
1987	1,907,105,000	248,055,000
1986	1,265,011,000	(173,165,000)
1985	1,364,982,000	1,570,000
1984	1,629,332,000	198,189,000

	No. of Com. Shares +		Earn. per Share †#
1988	180,540,000	$	2.51
1987	168,332,000		1.38
1986	176,659,000		—
1985	174,117,000		0.01
1984	170,748,000		1.13

(Loss)
† Including extraordinary gain of $10,119,000 in 1986.
+ Adjusted to reflect stock split.
# Based on the weighted average number of capital shares and capital share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	

Common Stock Equity

	Total Equity		Equity Per Share #
1988	$ 2,080,054,000	$	11.52
1987	1,276,425,000		7.58
1986	1,245,227,000		7.05
1985	1,421,481,000		8.16
1984	1,360,163,000		7.97

# Adjusted to reflect stock split.

Income Account*
(000's)

Year ended Dec. 31		1988		1987
Net revenues	$	2,874,769	$	1,907,105
Cost of sales		1,505,925		1,043,504
Expenses		774,531		617,665
Interest income		(34,749)		(41,950)
Income bef. taxes	$	629,062	$	287,886
Income taxes		176,140		39,831
Net Income	$	452,922	$	248,055

* Included in Costs and Expenses, Depreciation: $210,934,000 in 1988 and $171,359,000 in 1987.

Assets
(000's)

As of Dec. 31		1988		1987
Cash & cash equiv.	$	929,712	$	629,845
Short-term invest.		41,388		50,287
Accts. receiv., net		506,477		439,022
*Inventories		365,936		235,527
Prepaid inc. taxes		103,493		—
Other curr. assets		22,852		36,144
Current Assets	$	1,969,858	$	1,390,825
#Fixed assets		1,122,459		891,196
Investments		421,900		203,760
Other assets		35,519		13,003
Total Assets	$	3,549,736	$	2,498,784

Liabilities
(000'S)

Short-term debt	$	200,194	$	195,399
Commercial paper		17,000		149,558
Long-term debt, curr.		—		110,000
Accts. payable		152,542		115,435
Accruals		308,276		205,802
Deferred income		99,805		83,244
Income taxes		156,131		25,403
Curr. Liabilities	$	933,948	$	884,841
Long-term debt		479,273		298,062
Deferred inc. taxes		56,461		39,456
+ Capital stock		1,087,648		736,941
Retained earnings		992,406		539,484
Total Liabilities & Shareholders' Equity	$	3,549,736	$	2,498,784

* At lower of cost (currently adjusted standard basis) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

% Income bef. Taxes to Revenues	21.88	15.10
%Net Income to Revenues	15.76	13.01
%Net Income to Equity	21.77	19.43
Debt to Equity	0.33	0.47
Working Capital	$ 1,035,910,000	$ 505,984,000
Current Ratio	2.11	1.57
Shareholders' Equity	$ 2,080,054,000	$ 1,276,425,000

Intergraph Corporation

One Madison Industrial Park
Huntsville, Alabama 35807-4201
(205) 772-2000

Officers: James W. Meadlock, chairman & president; Nancy B. Meadlock, exec. v.p.; James F. Taylor, Jr., exec. v.p.; Robert E. Thurber, exec. v.p.; Richard H. Lussier, exec. v.p.; John M. Thorington, Jr., exec. v.p.; Allan B. Wilson, exec. v.p.; Maurice G. Romine, exec. v.p.; William D. Zarecor, exec. v.p.; Larry J. Laster, exec. v.p.; Edward J. Blaum, v.p.; Edward F. Boyle, v.p.; Thomas G. Burridge, v.p.; Albert D. Dominie, v.p.; John W. Gridley, Jr., v.p.; George M. Heeschen, v.p.; Bruce E. Imsand, v.p.; Neil E. Keith, v.p.; Robert L. Kuehlthau, v.p.; Lawrence F. Ayers, Jr., v.p.; Bruce J. Brasseale, v.p.; Michael J. Cunningham, v.p.; Milford B. French, v.p.; Robert A. Glasier, v.p.; Larry V. Janzen, v.p.; Stephen J. Phillips, v.p.; Trevor Postlethwaite, v.p.; Leonard M. Rand, v.p.; Attilio Rimoldi, v.p.; Howard G. Sachs, v.p.; John W. Wilhoite, v.p.; Edward A. Wilkinson, v.p.; William E. Salter, v.p.; John R. Wynn, secretary.

Directors: James W. Meadlock, chairman; Roland E. Brown, Larry J. Laster, Nancy B. Meadlock, Keith H. Schonrock, Jr., James F. Taylor, Jr., Robert E. Thurber.

Areas of Work: Supplies interactive turnkey computer graphics systems, including a host computer, workstations and terminals, to create and support databases for a variety of industries.

Foreign Subsidiaries:

Intergraph Europe, Inc.
Hoofddorp, The Netherlands

Intergraph (Benelux) BV
Brussels, Belgium

Intergraph (Scandinavia) A/S
Frederiksberg, Denmark

Intergraph (Finland) Oy
Espoo, Finland

Intergraph (France) S.A.R.L.
Rungis Cedex, France
Yvette, France

Intergraph Italia S.p.A.
Milanofiori, Italy

Intergraph (Benelux) BV
Aalsmeer, The Netherlands

Intergraph (Norge) A/S
Asker, Norway

Intergraph (Espana) S.A.
Barcelona, Spain
Madrid, Spain

Intergraph (Scandinavia) AB
Taby, Sweden

Intergraph (Switzerland) AG
Zurich, Switzerland

Intergraph (Great Britain) Ltd.
Swindon, U.K.
Derby, United Kingdom

Intergraph (Deutschland) GmbH
Munich, West Germany

Intergraph Corporation Pty., Ltd.
Sydney (North Ryde), Adelaide, Brisbane, Perth, Melbourne, Australia

Intergraph Systems, Ltd.
Calgary, Edmonton, Mississauga, Montreal (Verdun), Ottawa, Vancouver (Burnaby), Canada

Intergraph Middle East Ltd.
Larnaca, Cyprus

Nihon Intergraph K.K.
Tokyo, Japan

Intergraph Korea, Inc.
Seoul, South Korea

Intergraph de Mexico S.A. de C.V.
Mexico City, Mexico

Intergraph Corporation (N.Z.), Ltd.
Wellington, New Zealand

Intergraph Systems South-East Asia (Pte), Ltd.
Singapore

Intergraph Corporation Taiwan
Taipei, Taiwan

Intergraph Servicios de Venezuela C.A.
Caracas, Venezuela

Domestic Subsidiaries:

Optronics Inc.
Manufactures computer-oriented electro-optical components and systems.

Tangent Systems Corp. (82% interest)
Develops computer software products.

CNR Research Inc. (50% interest)

Bentley Systems, Inc. (50% interest)
A computer graphics software development company.

Transfer Agent(s):

Citizens & Southern National Bank
Atlanta, Georgia 30399

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INGR (NASDAQ)

Number of Employees:

1988	7,300	1985	5,100
1987	6,300	1984	3,700
1986	5,700		

Plant Footage:

1988 ...... 1,096,200 sq. ft. 1987 1,027,000

Sales & Earnings

		Net Sales		Net Income
1988	$	800,160,000	$	87,986,000
1987		641,083,000		69,876,000
1986		605,737,000		70,362,000
1985		526,405,000		67,779,000
1984		403,762,000		62,936,000

	No. of Com. Shares †	Earn. per Share ‡
1988	56,929,220	$ 1.55
1987	56,380,703	1.23
1986	56,395,714	1.26
1985	55,357,935	1.25
1984	51,480,926	1.22

† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 667,076,000	$ 11.72
1987	567,198,000	10.06
1986	496,157,000	8.80
1985	402,964,000	7.28
1984	232,717,000	4.52

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues:		
Sales	$ 590,690	$ 464,030
Service & equip. rentals	209,470	177,053
Total income	$ 800,160	$ 641,083
Cost of sales	381,591	316,991
Expenses:		
Prod. develop.	89,178	67,470
Marketing	118,430	89,952
Gen. & adm.	78,444	62,978
Interest expense	555	1,355
Interest income	(13,105)	(9,803)
Other expense (income)	6,268	(3,643)
Income before taxes	$ 138,799	$ 115,783
Income taxes	50,813	45,907
Net Income	$ 87,986	$ 69,876

* Included in Costs and Expenses, Depreciation and Amortization: $34,493,000 in 1988 and $27,522,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & market. secur.	$ 180,164	$ 156,546
Accts. receiv., net	271,034	205,765
*Inventories	175,906	160,881
Other curr. assets	10,916	7,853
Current Assets	$ 638,020	$ 531,045
Investments in affil.	8,017	12,806
#Fixed assets	171,943	144,724
Other assets	12,696	15,438
Total Assets	$ 830,676	$ 704,013

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 1,630	$ 1,302
Accts. payable	44,168	34,570
Accrued compensation & other accruals	42,694	33,862
Billings in exc. of sales	33,228	28,393
Income taxes	35,225	30,495
Curr. Liabilities	$ 156,945	$ 128,622
Cap. lease oblig. & long-term debt	2,834	4,277
Deferred inc. taxes	3,821	3,916
+ Common stock	5,693	5,682
Add. paid-in capital	242,591	239,025
Retained earnings	418,792	330,806
Treasury stock	—	(8,315)
Total Liabilities & Shareholders' Equity	$ 830,676	$ 704,013

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	17.35	18.06
%Net Income to Revenues	11.00	10.90
%Net Income to Equity	13.19	12.32
Debt to Equity	0.01	0.01
Working Capital	$ 481,075,000	$ 402,423,000
Current Ratio	4.07	4.13
Shareholders' Equity	$ 667,076,000	$ 567,198,000

Intermec Corporation

4405 Russell Road
P.O. Box 360602
Lynnwood, Washington 98046
(206) 348-2600

Officers: John W. Paxton, president & chief exec. officer; Ivan G. Hastler, sr. v.p. & treasurer; Roger C. Palmer, v.p.-research; William H. Gates, secretary; Louis R. Kertesz, v.p.-administration; Joseph E. Beebe, v.p.-operations; Dale K. Roundy, v.p.-business development & legal affairs; Gregory L. Tannheimer, v.p.-marketing & sales.

Directors: David C. Allais, David B. Pivan, Steve Sarich, Jr., Charles L. Anderson, John W. Zevenbergen, R. David Garwood, Phillip W. Arneson.

Areas of Work: Designs, manufactures and markets bar code related products including impact and thermal printers, laser scanners, port concentrators, accessories, tags and labels. Products are used mainly in industry data capture systems such as inventory control, hospital record tracking, library circulation control, shipping/receiving, and stock/finished goods control.

Subsidiaries:

INTERMEC Media Products
9615 Inter Ocean Drive
Cincinnati, Ohio 45246
(513) 874-5882

INTERMEC/New England
19 Erie Drive
Natick, Massachusetts 01760
(617) 653-8655

INTERMEC/Mid-Atlantic
14100 Laurel Park Drive
Laurel, Maryland 20707
(301) 792-9300

INTERMEC Strichode Systeme GmbH
Hohestr 31-33
6380 Bad Homburg
West Germany
011-49-6172-
25238

INTERMEC/West
1542 Edinger
Tustin, California 92680
(714) 259-1511

INTERMEC Strichcode AG
Zurich, Switzerland

Affiliates:

INTERMEC UK Ltd.
Reading, England

Data Collection Systems, Inc.
Minneapolis, Minnesota

INTERMEC Systems Corp.
Ontario, Canada

Transfer Agent(s):

First Jersey Shareholder Services, Inc.
520 Pine Street-Suite 2134
Seattle, Washington 98101-4004

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INTR (NASDAQ)

Number of Employees:

1988	734	1986	484
1987	543		

Plant Footage:

1988 .... 166.300 sq. ft. 1987 166,300

Sales & Earnings x

	Net Revenues #	Net Income
1988	$ 85,196,000	$ 5,233,000
1987	65,603,000	3,899,000
1986	49,128,000	1,908,000
1985	43,492,000	3,044,000
1984	31,584,000	2,789,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	6,184,000	$ 0.85
1987	5,965,000	0.65
1986	5,913,000	0.32
1985	5,403,000	0.56
1984	5,049,000	0.55

x Restated to include operations of INTERMEC/Metro, acquired on a pooling of interests basis.
# Includes revenue from product sales, engineering services and job shop.
‡ Based on the average number of shares outstanding during the year.

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1988	$ 43,910,000	$ 7.10
1987	36,727,000	6.16
1986	32,139,000	5.44
1985	29,371,000	5.44
1984	15,258,000	3.02

x Restated.
‡ Based on the average number of shares outstanding during the year.

Income Account *
(000's)

Year ended March 31	1988	1987 ‡
Net sales	$ 85,196	$ 65,603
Cost of sales	38,716	33,807
Expenses	39,547	26,348
Interest income	(545)	(908)
Income before taxes	$ 7,478	$ 6,356

Income taxes	2,245	2,457
Net Income	$ 5,233	$ 3,899

* Included in Costs and Expenses, Depreciation and Amortization: $3,273,000 in 1988 and $2,693,000 in 1987.
‡ Restated.

Assets
(000's)

As of	1988	1987 ‡
Cash	$ 2,231	$ 1,660
Short-term investment	2,282	4,613
Accts. receiv., net	24,309	15,032
Accts. receiv.- affil.	1,142	1,930
Notes receivable	460	513
* Inventories	18,980	15,520
Prepaid expenses	491	230
Current Assets	$ 49,895	$ 39,498
# Fixed assets	8,150	7,270
Notes receivable	1,357	1,954
Invest. in affil.	3,071	2,468
Other assets	2,839	785
Total Assets	$ 65,312	$ 51,975

Liabilities
(000's)

Accts. payable	$ 7,467	$ 5,252
Note payable	2,098	1,908
Accrued comp.	3,743	1,498
Accrued payroll	609	482
Deferred inc. taxes	100	2,539
Inc. taxes payable	3,533	664
Accrued warranty expense	1,395	999
Other liabilities	679	399
Curr. Liabilities	$ 19,624	$ 13,741
Industrial revenue bond	1,000	1,000
Other liabilities	778	234
Minority interest	—	273
+ Common stock	3,687	3,595
Add. paid-in capital	18,632	16,774
Retained earnings	21,591	16,358
Total Liabilities & Shareholders' Equity	$ 65,312	$ 51,975

‡ Restated.
* At lower of cost (currently adjusted standards) or market.
# Less accumulated depreciation and amortization.
+ $0.60 par value.

Statistical Summary

% Income bef. taxes to Sales	8.78	9.69
% Net Income to Sales	6.14	5.94
% Net Income to Equity	11.92	10.62
Sales to Inventories	4.49	4.23
Debt to Equity	0.05	0.05
Working Capital	$ 30,271,000	$ 25,757,000
Current Ratio	2.54	2.87
Shareholders' Equity	$ 43,910,000	$ 36,727,000

International Business Machines Corporation

Old Orchard Road
Armonk, New York 10504
(914) 765-1900

Officers: John F. Akers, chairman of the board; Kaspar V. Cassani, vice chairman; Jack D. Kuehler, vice chairman; Ralph E. Gomory, sr. v.p.-science & technology; Frank A. Metz, Jr., sr. v.p.-finance & planning; C. Michael Armstrong, sr. v.p.; George H. Conrades, sr. v.p.; Carl J. Conti, sr. v.p.; Terry R. Lautenbach, sr. v.p.; Patrick A. Toole, sr. v.p.; David E. McKinney, sr. v.p.; Donato A. Evangelista, v.p. & general counsel; John P. Cunningham, v.p. & controller; Ray S. AbuZayyad, vice president; John A. Armstrong, vice president; Michael J. Attardo, vice president; Walton E. Burdick, vice president; James A. Cannavino, vice president; Ralph W. Clark, vice president; Vincent N. Cook, vice president; Kenneth W. Dam, vice president; Nicholas M. Donofrio, vice president; Gerald W. Ebker, vice president; Howard G. Figueroa, vice president; Lucie J. Fjeldstad, vice president; Larry J. Ford, vice president; James J. Forese, vice president; Heinz K. Fridrich, vice president; Richard T. Gerstner, vice president; Victor J. Goldberg, vice president; William O. Grabe, vice president; Joseph M. Guglielmi, vice president; Ellen M. Hancock, vice president; Arthur J. Hedge, Jr., vice president; Ned C. Lautenbach, vice president; Paul R. Low, vice president; Edward E. Lucente, vice president; Victor R. Macdonald, vice president; Marvin L. Mann, vice president; David E. McDowell, vice president; Charles E. McKittrick, Jr., vice president; M. Bernard Puckett, vice president; Michael J. Quinlan, vice president; Renato Riverso, vice president; Stephen B. Schwartz, vice president; Robert M. Stephenson, vice president; Nancy H. Teeters, vice president; H. Mitchell Watson, Jr., vice president; Earl F. Wheeler, vice president; David A. Finley, treasurer; William W. K. Rich, secretary; Joe Grills, asst. treasurer; Ira D. Hall, asst. treasurer; Robert N. Mattson, asst. treasurer; John H. Stewart, asst. treasurer; Michael H. Van Vranken, asst. controller.

Directors: John F. Akers, chairman; Stephen D. Bechtel, Jr., Harold Brown, James E. Burke, Frank T. Cary, Kaspar V. Cassani, William T. Coleman, Jr., Thomas F. Frist, Jr., Carla Anderson Hills, Nicholas deB. Katzenbach, Nanerl O. Keohane, Jack D. Kuehler, Richard W. Lyman, J. Richard Munro, Thomas S. Murphy, John R. Opel, John B. Slaughter, Edgar S. Woolard, Jr..

Areas of Work: The Company's operations are primarily in the field of information handling systems, equipment and services to solve the problems of business, government, science, space exploration, defense, education, medicine and many other areas of human activity. Products include information processing products and systems, program products, communications systems, workstations, typewriters, copiers, educational and testing materials, and related supplies and services.

Divisions:

Information Systems Group

National Distribution Division
Marketing responsibility in U.S. for selected systems and high-volume products delivered through alternate channels of distribution. Also responsible for manufacturing or procurement and marketing within the U.S. of IBM supplies and accessories.

North-Central Marketing Division
Markets the full standard line of IBM products in its geographic area.

South-West Marketing Division
Markets the full standard line of IBM products in its geographic area.

National Service Division
Provides service for assigned products; manages services business within the U.S. and its territories; and supports IBM's marketing efforts.

Information Systems and Technology Group

Data Systems Division
Worldwide development responsibility for large, complex systems, with primary emphasis on high-performance products and associated programming, plus U.S. manufacturing responsibility for those systems. Also supplies computer components, including logic and selected memory technologies, used in products that it and other IBM divisions manufacture in the U.S.

General Technology Division
Worldwide development and United States manufacturing responsibility for the component technology requirements of the low-to-moderate price computers made by the General Systems Division and products of the Office Products Division.

Systems Technology Division
Develops and manufactures intermediate processors and printers and develops programming systems.

General Products Division
Worldwide development and United States manufacturing responsibility for computer tape units, disk files and printers.

Information Systems and Communications Group

Communication Products Division
Worldwide development and U.S. manufacturing responsibility for communications equipment, terminal products and related communications, technologies and programming.

Entry Systems Division
Worldwide development and product management, and U.S. manufacturing responsibility for IBM's general purpose, low-cost, personal use computer systems and related software.

Information Systems and Products Group

Information Products Division
Markets disk packs and data modules; manufactures and markets data processing cards, magnetic tape and cards, business forms and other consumable products used in information-handling systems.

Systems Products Division
Worldwide developments and United States manufacturing responsibility for central processor products including main storage, logic technologies, packaging technology, channels and cables; development and implementation of advanced design and manufacturing support systems.

Other Divisions:

Federal Systems Divisions
Concentrates on advanced technology and systems for the ground-based, seaborne, airborne and spaceborne information-handling systems and control needs of the U.S. Government.

Real Estate and Construction Division
Arranges for the construction, purchasing or leasing of new company facilities. Develops technologies of potential long-range importance.

Research Division
Brings scientific understanding to bear on areas of company interest through basic research and development of technologies of potential long-range importance.

Subsidiaries:

IBM Instruments, Inc.
Markets and services products in the analytical instruments field.

IBM Credit Corporation
Offers lease financing of IBM products, either directly or through partnerships, and finances installment receivables resulting from sales by IBM of its information processing systems and equipment to customers in the U.S. It also finances non-IBM equipment.

IBM World Trade Corporation
Conducts IBM's business outside the United States directly or through its subsidiaries.

IBM Americas/Far East Systems Corporation
Conducts IBM's business in 44 countries, including Australia, Brazil, Canada, and Japan.

IBM World Trade Europe/Middle East/Africa Corporation
Responsible for IBM operations in 77 countries, including the USSR, and the Eastern European countries.

International Video Disk Corporation

Rolm Corporation
Has worldwide development, manufacturing and marketing responsibility for fully integrated computerized business communication systems including private branch exchanges, voice messaging systems, circuit switched data systems, desktop products, and related applications.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Philadelphia, Pacific, Midwest, Cincinnati, Boston, Montreal, Toronto, Austria, Belgium, England, France, Japan, Switzerland, The Netherlands, West Germany

Ticker Symbol: IBM

Number of Employees:

1988	387,112	1985	405,535
1987	389,348	1984	394,930
1986	403,508		

Plant Footage:*

1988 . . . . .95.3 sq. ft.

*Square feet in millions.

Sales & Earnings x

	Revenue ‡ (000's)	Net Income (000's)
1988	$ 59,681,000	$ 5,806,000
1987	55,256,000	5,258,000
1986	52,160,000	4,789,000
1985	50,718,000	6,555,000
1984	46,309,000	6,582,000

	No. of Com. Shares	Earn. per Share +
1988	589,740,508	$ 9.80
1987	597,051,744	8.72
1986	605,922,949	7.81
1985	615,418,262	10.67
1984	612,685,539	10.77

x Restated to reflect adoption of SFAS No. 94, "Consolidation of all majority-owned subsidiaries."
‡ Includes sales, services and rentals.
+ Based on the average number of shares outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Information technology:		
Processors	$ 15,239,000	$ 14,052,000
Peripherals	11,280,000	10,186,000
Workstations	11,315,000	10,370,000
Software	7,927,000	6,836,000
Maintenance serv.	7,347,000	7,691,000
Other	4,477,000	3,816,000
Federal systems	2,065,000	2,238,000
Other business	31,000	67,000
Total	$ 59,681,000	55,256,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 4.40	—	—
1987	4.40	—	
1986	4.40	—	—
1985	4.40	—	—
1984	4.10	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	$ 39,509,000	$ 66.99
1987	38,263,000	64.09
1986	34,374,000	56.73
1985	31,990,000	51.98
1984	26,489,000	43.23

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Net sales	$ 39,959,000	$ 36,424,000
Rentals & services	19,722,000	18,832,000
Total income	$ 59,681,000	$ 55,256,000
Cost of sales	17,499,000	17,368,000
Cost of rentals & services	8,149,000	7,754,000
Expenses	25,287,000	21,974,000
Other income	(996,000)	(955,000)
Interest on debt	709,000	485,000
Income before taxes	$ 9,033,000	$ 8,630,000
Income taxes	3,542,000	3,372,000
Cum. effect of acct. change	(315,000)	—
Net Income	$ 5,806,000	$ 5,258,000

‡ Restated.
* Included in Costs and Expenses, Depreciation: $3,871,000,000 in 1988 and $3,534,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash & cash equiv.	$ 4,175,000	$ 3,467,000
Marketable securities	1,948,000	3,954,000
Notes & accts. receiv., net	17,086,000	15,649,000
Other accts. receiv.	1,014,000	1,092,000
*Inventories	9,565,000	8,659,000
Prepaid expenses	1,555,000	1,548,000
Current Assets	$ 35,343,000	$ 34,369,000
#Fixed assets	23,426,000	22,967,000
Investments & other assets	14,268,000	12,693,000
Total Assets	$ 73,037,000	$ 70,029,000

Liabilities
(000's)

Taxes	$ 2,225,000	$ 2,574,000
Loans payable	4,862,000	3,971,000
Accts. payable	2,702,000	2,632,000
Compens. & benefits	2,624,000	2,632,000
Deferred income	844,000	553,000
Other accruals	4,130,000	3,577,000
Curr. Liabilities	$ 17,387,000	$ 15,939,000
Long-term debt	8,518,000	7,108,000
Other liabilities	3,000,000	3,045,000
Deferred income taxes	4,623,000	5,674,000
+Common stock	6,442,000	6,417,000
Retained earnings	31,186,000	29,016,000
Trans. adjust.	1,917,000	2,865,000
Treasury stock	(36,000)	(35,000)
Total Liabilities & Shareholders' Equity	$ 73,037,000	$ 70,029,000

‡ Restated.
* At lower of average cost or market.
# Less accumulated depreciation.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales, Services & Rentals	15.14	15.62
%Net Income to Sales, Services & Rentals	9.73	9.52
%Net Income to Equity	14.70	13.74
Debt to Equity	0.22	0.19
Working Capital (000's)	$ 17,956,000	$ 18,430,000
Current Ratio	2.03	2.16
Shareholders' Equity (000's)	$ 39,509,000	$ 38,263,000

International Controls Corp.

(A private corporatation, whose two classes of debentures trade publicly.)

2016 North Pitcher Street
Kalamazoo, Michigan 49007
(616) 343-6121

Officers: Allan R. Tessler, chairman; David R. Markin, president & chief executive officer; Jay H. Harris, exec. v.p.-operations & chief operating officer; Martin L. Solomon, vice chairman & secretary; Wilmer J. Thomas, Jr., vice chairman & treasurer; George L. Hebert, v.p. & treasurer; Jay H. Harris, exec. v.p. & chief operating officer; George L. Hebert, v.p.; Thomas W. Horan, controller; Marlan R. Smith, asst. treasurer.

Directors: Allan R. Tessler, chairman; David R. Markin, Martin L. Solomon, Wilmer J. Thomas, Jr..

Areas of Work: Engaged in the manufacture and distribution of highway truck trailers, for use over the road and on rails and ships, the stamping of sheet metal and other automotive components and subassemblies, and operation of a taxicab business and the underwriting of insurance.

Subsidiary:

Great Dane Trailers, Inc.
Manufactures and distributes highway truck trailers.

Stock Exchange(s): American (debentures only).

Number of Employees:

1988	3,250	1985	N.A.
1987	5,098	1984	1,800
1986	5,600		

Plant Footage:

1988	750,000 sq. ft.	1985	N.A.
1987	2,448,000	1984	1,304,000
1986	2,398,700		

N.A. - Not Available.

Sales & Earnings

	Revenues †	Net Income ‡
12/31/88	$ 541,815,000	$ (10,850,000)
12/31/87*	317,499,000	(2,581,000)
5/31/87+x	208,972,000	(5,849,000)
12/31/86x	473,059,000	(6,879,000)
12/31/85x	—	7,461,000

	No. of Com. Shares #	Earn. per Share ‡ #
12/31/88	3,707,000	$ —
12/31/87*	3,707,000	—
5/31/87+x	3,671,000	—
12/31/86x	3,429,000	—
12/31/85x	3,346,000	2.23

NOTE: The Company became private through a merger with Merger Control Corp. and recorded this transaction as a purchase effective June 1, 1987. Financial data prior to this date is referred to as 'Predecessor Corp.'
(Loss)
* 7 months.
+ 5 months.
x Predecessor corporation.
† Of continuing operations only.
‡ Including extraordinary loss of $510,000 in 1986.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
12/31/88	$ —	—	—
12/31/87	—	—	
5/31/87	—	—	—
12/31/86 x	0.50	—	—
12/31/85 x	0.45	—	—

x Predecessor corporation.

Common Stock Equity

	Total Equity	Equity Per Share‡
12/31/88	$ 13,149,000	$ 3.55
12/31/87	23,960,000	6.46
5/31/87	53,368,000	14.54
12/31/86x	59,166,000	17.25
12/31/85x	59,246,000	17.71

x Predecessor corporation.
‡ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988 (7 months)	1987
Revenues	$ 541,815	$ 317,499
Cost of revenues	474,426	271,822
Expenses	58,769	32,118
Interest expense	30,547	11,830
Other income	(7,257)	(2,559)
Income (loss) before taxes	$ (14,670)	$ 4,288
Income taxes (credit)	(752)	4,330
Loss-cont. oper.	(13,918)	(42)
Inc. (loss)-discont. oper.	3,068	(2,539)
Net Loss	$ (10,850)	$ (2,581)

* Included in Costs and Expenses, Depreciation and Amortization: $12,820,000 in 1988 and $9,252,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 157,958	$ 3,240
Accts. receiv., net	62,173	88,859
Finance lease receiv.	5,856	4,983
*Inventories	63,452	89,731
Other current assets	668	4,794
Current Assets	$ 290,107	$ 191,607
#Fixed assets	65,224	157,717
Investments	—	52,742
Finance lease receiv.	28,351	29,862
Intangibles	59,384	133,895
Trademark	13,446	13,796
Assets of discont. oper.	15,588	17,865
Other assets	35,394	28,478
Total Assets	$ 507,494	$ 625,962

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 8,034	$ 15,685
Accts. payable	36,800	50,443
Accruals	48,093	48,216
Income taxes	17,089	8,661
Notes payable	—	663
Curr. Liabilities	$ 110,016	$ 123,668
Long-term debt	360,723	447,914
Deferred inc. taxes	—	1,231
Other liabilities	23,606	29,189
+Common stock	371	371
Add. paid-in capital	26,209	26,209
Retained earnings (deficit)	(13,431)	(2,581)
Eq. adjust. from trans.	—	(39)
Total Liabilities & Shareholders' Equity	$ 507,494	$ 625,962

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

	1988	1987
Debt to Equity	28.04	19.38
Working Capital	$ 180,091,000	$ 67,939,000
Current Ratio	2.64	1.55
Shareholders' Equity	$ 13,149,000	$ 23,960,000

International Power Machines Corporation

200 Madison Avenue, 2nd Floor
New York, New York 10016-3901
(212) 953-0100

Officers: Warren H. Haber, chairman; John J. Mulcair, president; William L. Zang, v.p. & controller; Paul K. Nothern, v.p. & gen. mgr.-Power Products Group; Lawrence M. Pohly, secretary; Richard D. Newhouse, president-Comp-Aire Systems, Inc..

Directors: Warren H. Haber, chairman; G. William Miller, John J. Mulcair, Mark R. Shenkman, Stephen L. Wald.

Areas of Work: Designs, manufactures, sells and maintains uninterruptible power supply (UPS) systems. These UPS systems are connected between commercial electrical power sources and equipment sensitive to power fluctuations and interruptions and regulate the quality of electricity and provide continuous power in the event of electrical power failure. The Company's Comp-Aire Systems, Inc. subsidiary designs and manufactures critical components and provides turnkey installation of cleanrooms, which are environmentally controlled areas in which the air is filtered to a specified cleanliness level and other important conditions such as temperature and humidity are regulated.

Divisions and Subsidiaries:

Power Products Group
2975 Miller Park North
Garland, Texas 75042-7799
(214) 272-8000

IPM Pacific, Ltd.
Unit 1112 Austin Tower
22-26A Austin Avenue
Tsimshatsui, Kowloon, Hong Kong
852-3-7216318

IPM GmbH
Schillerstrasse 65
6635 Schwalbach, West Germany
49-6834-53144

Comp-Aire Systems, Inc.
4185 44th Street, SE
Grand Rapids, Michigan 49508-4089
(616) 698-9660

Acquisition:

LorTec Power Systems, Inc.
145 Keep Court
Elyria, Ohio 44035-2214
(216) 327-5050

Manufactures single and three phase uninterruptible power systems.

Transfer Agent(s)

American Stock Transfer Co.
New York, New York

Stock Exchange(s): American

Ticker Symbol: PWR

Number of Employees:

1988	N.A.	1986	225
1987	263		

N.A. - Not Available.

Plant Footage:

1988	186,000 sq. ft.	1986	70,000
1987	121,000		

Sales & Earnings

	Revenues	Net Income
1988	$ 49,343,000	$ 1,155,000
1987	22,169,000	(946,000)
1986	23,333,470	(2,872,127)
1985	21,129,637	(5,199,627)
1984	18,860,768	267,569

	No. of Com. Shares	Earn. per Share ‡
1988	4,263,667	$ 0.22
1987	4,263,667	—
1986	3,820,332	—
1985	3,820,332	—
1984	3,820,332	0.06

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	0.12	—	—

Common Stock Equity

	Total Equity †	Equity Per Share
1988	$ 4,316,000	$ 1.01
1987	2,926,000	0.69
1986	3,540,000	0.93
1985	6,300,000	1.65

† After allowing for preferred stock at liquidation value.

Income Account *

Year ended Dec. 31	1988	1987
Revenues	$ 49,343,000	$ 22,169,000
Cost of revenues	39,072,000	17,173,000
Expenses	8,729,000	5,642,000
Interest expense	334,000	263,000
Other expense (income)	(30,000)	37,000
Income (loss) bef. taxes	$ 1,238,000	$ (946,000)
Income taxes	83,000	—
Net Income (Loss)	$ 1,155,000	$ (946,000)

* Included in Costs and Expenses, Depreciation and Amortization: $530,000 in 1988 and $614,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 165,000	$ 50,000
Accts. receiv., net	7,650,000	7,199,000
Retainage	2,008,000	1,448,000
Costs & earn. on contracts in exc. of billings	206,000	207,000
*Inventories	5,539,000	6,252,000
Prepaid expenses	643,000	251,000
Current Assets	$ 16,211,000	$ 15,407,000
#Fixed assets	1,076,000	1,318,000
Other assets	455,000	79,000
Total Assets	$ 17,742,000	$ 16,804,000

Liabilities

Notes pay. & long-term debt, curr.	$ 1,805,000	$ 2,860,000
Accts. payable & accruals	6,689,000	5,492,000
Retainage	1,167,000	886,000
Amts. billed in exc. of costs on contracts	773,000	1,921,000
Deferred inc.-maint. agree.	1,392,000	863,000
Curr. Liabilities	$ 11,826,000	$ 12,022,000
Long-term debt	100,000	121,000
+Preferred stock	400,000	400,000
++Common stock	426,000	426,000
Add. paid-in capital	8,278,000	8,278,000
Retained earnings (deficit)	(3,288,000)	(4,443,000)
Total Liabilities & Shareholders' Equity	$ 17,742,000	$ 16,804,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value. Dividends accrue at 15% of original issue price of $3.75.
++ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	2.51	—
%Net Income to Revenues	2.34	—
%Net Income to Equity	19.86	—
Debt to Equity	0.33	0.64
Working Capital	$ 4,385,000	$ 3,385,000
Current Ratio	1.37	1.28
Shareholders' Equity	$ 5,816,000	$ 4,661,000

International Rectifier Corporation

233 Kansas Street
El Segundo, California 90245
(213) 772-2000

Officers: Eric Lidow, president and chairman of the board; Robert J. Mueller, exec. v.p.-world marketing & foreign operations; Gerald A. Koris, v.p., secretary and general counsel; George H. Krause, exec. v.p.-finance & treasurer; Kay Dickinson, asst. secretary.

Directors: Eric Lidow, Alan Lidow, Warren B. Hayes, George Krsek, Rochus E. Vogt.

Areas of Work: Manufactures rectifiers, semiconductor devices, metal oxide semiconductor power transistors (MOSFETs), controls, sub-assemblies and closed loop systems, instrumentation for monitoring and controlling hydraulic systems, metallurgical alloys, thyristors, and diodes.

Divisions:

Semiconductor Division
233 Kansas Street
El Segundo, California 90245
(213) 772-2000

Foreign Subsidiaries:

International Rectifier Corporation Italiana S.p.A.
Via Privata Liguria 49
10071 Borgaro, Turin, Italy

International Rectifier GmbH
Savignystrasse 55
6000 Frankfurt/Main 1, West Germany

International Rectifier Company (Great Britain) Limited
Hurst Green, Oxted
Surrey, England

International Rectifier Canada Limited
101 Bentley Street
Markham, Ontario L3R 3L1 Canada
(416) 475-1897

International Rectifier Far East Company, Ltd.
K&H Building, 30-4 Nishiikebukuro 3-Chome
Toshima-Ku
Tokyo, Japan 171

Rectificadores Internacionales, S.A.
Durazno #30, Centro Industrial, Los Olivos, La Mesa de Tijuana
Baja California, Mexico

Transfer Agent(s):

Security Pacific National Bank
333 South Beaudry Avenue
Los Angeles, California 90017

Stock Exchange(s): New York, Pacific

Ticker Symbol: IRF

Number of Employees:

1987	2,350	1985	2,200
1986	2,300		

Sales & Earnings

	Net Sales +	Net Income ‡
1987	$ 151,840,000	$ (16,934,000)
1986	145,167,000	(252,000)
1985	135,576,000	209,000
1984	116,706,000	8,125,000
1983	88,629,000	(15,489,000)

	No. of Com. Shares †	Earn. per Share#‡
1987	10,984,842	$ —
1986	10,900,665	—
1985	10,754,136	0.02
1984	10,703,041	0.89
1983	8,541,609	—

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $281,000 in 1986 and $2,811,000 ($0.31 per share) in 1984.
† Adjusted to reflect stock splits.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	—	3-for-2
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 40,733,000	$ 3.71
1986	55,690,000	5.11
1985	53,110,000	4.94
1984	53,403,000	4.99
1983	24,477,000	2.87

‡ Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 151,840,000	$ 145,167,000
Cost of sales	121,869,000	102,775,000
Expenses	44,891,000	43,045,000
Interest expense	7,399,000	5,370,000
Other income	(5,705,000)	(4,933,000)
Loss bef. taxes	$ (16,614,000)	$ (1,090,000)
Income taxes	595,000	660,000
Loss-cont. oper.	$ (17,209,000)	$ (1,750,000)
Inc.-discont. oper.	295,000	1,217,000
Net Loss	$ (16,914,000)	$ (533,000)
Extraord. gain.	(20,000)	281,000
Cum. effect of acctng. change	—	—
Net Loss & extraord. gain	$ (16,934,000)	(252,000)

* Included in Costs and Expenses, Depreciation: $7,454,000 in 1987 and $6,622,000 in 1986.

Assets

As of June 30	1987	1986
Cash & short-term investments	$ 3,293,000	$ 3,938,000
Accts. receiv., net	32,577,000	32,942,000
*Inventories	39,860,000	48,943,000
Deferred taxes	—	232,000
Prepaid expenses	1,396,000	1,494,000
Current assets	$ 77,126,000	$ 87,549,000
#Fixed assets	131,466,000	48,922,000
Construc. in progress	431,000	50,266,000
Other assets	3,621,000	2,686,000
Total Assets	$ 212,644,000	$ 189,423,000

Liabilities

Bank loans & long-term debt, curr.	$ 12,852,000	$ 12,943,000
Accts. payable	15,137,000	12,189,000
Accruals	4,257,000	6,022,000
Accrued payroll	4,726,000	4,575,000
Curr. Liabilities	$ 36,972,000	$ 35,729,000
Long-term debt	74,626,000	37,272,000
Convert. subord. deben.	57,500,000	57,500,000
Other liab.	2,410,000	2,045,000
Deferred taxes	403,000	532,000
Minority interest	—	655,000
+Common stock	10,985,000	10,901,000
Add. paid-in capital	27,862,000	27,322,000
Retained earnings	4,593,000	21,517,000
For. curr. translation	(2,707,000)	(4,060,000)
Total Liabilities & Shareholders' Equity	$ 212,644,000	$ 189,423,000

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	3.81	2.97
Debt to Equity	2.15	0.90
Working Capital	$ 40,154,000	$ 51,820,000
Current Ratio	2.09	2.45
Shareholders' Equity	$ 40,733,000	$ 55,690,000

Interpoint Corporation

(formerly Integrated Circuits Incorporated)

10301 Willows Road
P.O. Box 97005
Redmond, Washington 98073-9705
(206) 882-3100

Officers: Phillip C. Linwick, chairman & chief exec. officer; Peter H. van Oppen, president & chief operating officer; Russell F. McNeill, secretary; Milton A. Woods, exec. v.p.-marketing & sales & treasurer; Melvin O. Eide, v.p.-research & development; J. T. Montgomery, v.p.-operations; Leslie S. Rock, chief financial officer & controller; Daniel J. Renn, v.p.-engineering.

Interpoint Corporation

Directors: Walter P. Kistler, Ross W. Anderson, Phillip C. Linwick, Russell F. McNeill, Peter H. van Oppen, Milton A. Woods, Christopher T. Bayley, John W. Stanton.

Areas of Work: Designs, manufactures and markets both custom and proprietary (standard) hybrid microcircuit products for the electronics industry. These microcircuits are used commercially in memory systems, industrial controls, testing equipment, computers and computer peripherals and medical electronics equipment. Aerospace applications range from aircraft instrumentation power supplies to research uses in satellites.

Transfer Agent(s):

First Interstate Bank of Washington, N.A.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INTP (NASDAQ)

Number of Employees:

1988	281	1986	290
1987	286	1985	295

Plant Footage:

1988	40,000 sq. ft.	1986	40,000
1987	40,000	1985	40,000

Sales & Earnings

		Net Sales +		Net Income †
1988	$	15,517,000	$	770,000
1987		13,561,000		320,000
1986		14,345,000		621,000
1985		12,041,000		363,000
1984		8,805,000		(355,000)

	No. of Com. Shares ‡		Earn. per Share † ‡
1988	1,765,000	$	0.44
1987	1,764,000		0.18
1986	1,764,000		0.35
1985	1,764,000		0.21
1984	1,750,000		—

(Loss)
+ Of continuing operations only.
† Including extraordinary loss of $53,864 ($0.03 per share) in 1988.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	10%	

Common Stock Equity

		Total Equity		Equity Per Share ‡
1988	$	6,380,000	$	3.61
1987		5,606,000		3.18
1986		5,285,000		3.00
1985		4,665,000		2.64
1984		4,301,000		2.46

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Oct. 31		1988		1987
Net sales	$	15,517,273	$	13,561,153
Cost of sales		10,390,310		9,425,373
Expenses		3,652,948		3,368,122
Interest expense		330,078		279,142
Interest income		(56,094)		(9,944)
Income before taxes	$	1,200,031	$	498,460
Income taxes		376,000		178,000
Net Income	$	824,031	$	320,460
Extraord. loss		(53,864)		—
Net Income & extraord. loss	$	770,167	$	320,460

* Included in Cost and Expenses, Depreciation and Amortization: $526,269 in 1988 and $469,243 in 1987.

Assets

As of Oct. 31		1988		1987
Cash	$	875,865	$	443,400
Accts. receiv., net		2,948,922		2,424,574
* Inventories		3,063,971		2,652,138
Deferred in. taxes		116,127		91,577
Prepaid expenses		147,627		113,472
Current Assets	$	7,152,512	$	5,725,161
# Fixed assets		6,400,415		6,455,802
Unamort. bond costs		119,748		85,684
Total Assets	$	13,672,675	$	12,266,647

Liabilities

Long-term debt., curr.	$	470,362	$	378,029
Accts. payable		411,400		446,263
Inc. taxes pay.		230,858		—
Accrued payroll		712,436		467,205
Accrued vacations		284,417		265,908
Accrued taxes		51,658		48,197
Accrued interest		2,162		18,147
Other accruals		36,000		36,000
Curr. Liabilities	$	2,199,293	$	1,659,749
Long-term debt		4,226,130		4,271,198
Deferred inc. taxes		866,927		729,927
+ Common stock		2,956,034		2,951,649
Retained earnings		3,424,291		2,654,124
Total Liabilities & Shareholders' Equity	$	13,672,675	$	12,266,647

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales		7.73		3.68
%Net Income to Sales		5.31		2.36
%Net Income to Equity		12.92		5.72
Sales to Inventories		5.06		5.11
Debt to Equity		0.74		0.83
Working Capital	$	4,953,219	$	4,065,412
Current Ratio		3.25		3.45
Shareholders' Equity	$	6,380,325	$	5,605,773

Ionics, Incorporated

65 Grove Street
Watertown, Massachusetts 02172
(617) 926-2500

Officers: Averell E. Daniell, chairman of the board; Arthur L. Goldstein, president & chief exec. officer; William E. Katz, exec. v.p.; Carl J. McCurdy, exec. v.p.; Theodore G. Papastavros, vice president-strategic planning; Thomas A. Kirkham, vice president-corp. consultant; Walter J. Polens, vice president-household water conditioning; William B. Iaconelli, vice president-separations technology; Kachig Kachadurian, vice president-water systems; Edgardo J. Parsi, vice president-research & development; Joseph M. Loftis, vice president-fabricated products; Emile P. Coulon, v.p., treasurer & chief financial officer; Norman A. Bikales, Clerk.

Directors: Thomas A. Kirkham, William E. Katz, Arnaud de Vitry d'Avaucourt, Averell E. Daniell*, Arthur L. Goldstein*, Robert B. Luick, Lawrence E. Fouraker, Carl J. McCurdy, Samuel A. Goldblith*, John J. Shields, K. Kachadurian.

* Member of the Executive Committee

Areas of Work: The principal business of the company involves the development, manufacture and sale of products, systems and services for the desalination, processing, measurement and treatment of water and other liquids, principally utilizing separations technology and related methods.

Divisions and Subsidiaries:

Global Water Services, S.A.
Panama City, Panama

Watlington-Waterworks Limited (23% owned)
Devonshire, Bermuda

Ionics Iberica, S.A.
Grand Canary, Spain

Household Water Division
65 Grove Street
Watertown, Massachusetts 02172
(617) 926-2500

Manufacture and sale of water desalination equipment, pollution monitoring instruments, food and chemical processing equipment; research and development activities in electrochemistry and pollution control.

Bridgeville Division
P.O. Box 99
Bridgeville, Pennsylvania 15017
(412) 343-1040

Manufacture and sale of water softening and conditioning equipment, custom-fabricated components for the nuclear, food and chemical industries, and custom-designed air recovery and heat transfer systems; financing activities related to sales of domestic water softening equipment.

General Ionics, Inc.
3380 Cavalier Trail
Cuyahoga Falls, Ohio 44224

Home water softener dealership.

Ionics Ultrapure Water Corporation
Campbell, California

Services ultrapure water systems for the electronics, pharmaceutical and power industries in northern California and the Southwest.

Yuasa-Ionics Co. Ltd. (50% owned)
No. 12-11, 2-Chome
Higashi-Shinbashi
Minato-ku, Tokyo 105 Japan

Supplies pollution abatement products in Japan and the Far East.

Ionics Italba, S.p.A.
Via Mauro Macchi 26
20124 Milan, Italy

Design and construction of water and waste treatment plants in Europe.

Ionics, Inc.
Hong Kong

Ionics (UK) Ltd.
London, England

Saif-Ionics (50% owned)
Damman, Saudi Arabia

Jalal-Ionics, Ltd. (40% owned)
Manama, Bahrain

Osomar, S.A.
Grand Canary, Spain

Ionics (Bermuda) Ltd.
Hamilton, Bermuda

Elite Chemicals Pty. Ltd. (50% owned)
Brisbane, Qld., Australia
Production of specialty chemicals.

Ionics Pure Solutions
Phoenix, Arizona
Albuquerque, New Mexico
Sale and service of ultrapure water systems for the electronics and pharmaceutical industries.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American

Ticker Symbol: ION

Number of Employees:

1988 800

Sales & Earnings

	Revenues	Net Income
1988	$ 88,241,000	$ 2,482,000
1987	74,679,000	1,869,000
1986	64,613,000	952,000
1985	68,750,000	3,001,000
1984	65,003,000	4,829,000

	No. of Com. Shares †	Earn. per Share ‡
1988	4,116,388	$ 0.64
1987	3,582,394	0.50
1986	3,696,526	0.25
1985	3,687,134	0.95
1984	3,053,400	1.57

† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 63,723,000	$ 15.48
1987	51,714,000	14.44
1986	49,814,000	13.48
1985	47,525,000	12.89
1984	24,303,000	7.96

† Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1988	1987
Net revenues	$ 88,241,000	$ 74,679,000
Cost of sales	56,172,000	47,078,000
Expenses	24,460,000	21,888,000
Research exp.	2,134,000	1,921,000
Interest expense	1,821,000	1,558,000
Equity income	(248,000)	(519,000)
Income before taxes	$ 3,902,000	$ 2,753,000
Income taxes	1,054,000	826,000
Minority interest	366,000	58,000
Net Income	$ 2,482,000	$ 1,869,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,640,000 in 1988 and $3,651,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 3,732,000	$ 3,500,000
Comm. paper	8,202,000	4,757,000
Notes receiv., curr.	4,014,000	4,359,000
Accts. receiv., net	27,992,000	22,034,000
Other receiv.	1,433,000	1,702,000
*Inventories	14,980,000	12,064,000
Other assets	1,379,000	871,000
Current Assets	$ 61,732,000	$ 49,287,000
Investments in affil cos.	1,790,000	1,925,000
Notes receiv.	6,259,000	7,960,000
#Fixed assets	50,769,000	40,277,000
Other assets	2,301,000	2,449,000
Total Assets	$ 122,851,000	$ 101,898,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 14,958,000	$ 5,124,000
Accts. payable	8,745,000	6,488,000
Accruals	5,150,000	5,661,000
Customer deposits	2,421,000	1,816,000
Income taxes	1,169,000	2,896,000
Curr. Liabilities	$ 32,443,000	$ 21,985,000
Long-term debt	17,672,000	15,427,000
Deferred inc. taxes	7,178,000	10,687,000
Other liabilities	1,835,000	2,085,000
+Common stock	4,116,000	3,701,000
Add. paid-in capital	25,797,000	17,529,000
Retained earnings	32,352,000	29,870,000
Treasury stock	—	(1,382,000)
Cumulative trans. adj.	1,458,000	1,996,000
Total Liabilities & Shareholders' Equity	$ 122,851,000	$ 101,898,000

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1988	1987
%Income before Taxes to Revenues	4.42	3.69
%Net Income to Revenues	2.81	2.50
%Net Income to Equity	3.89	3.61
Debt to Equity	0.51	0.40
Working Capital	$ 29,289,000	$ 27,302,000
Current Ratio	1.90	2.24
Shareholders' Equity	$ 63,723,000	$ 51,714,000

IRT Corporation

3030 Callan Road
San Diego, California 92121
(619) 450-4343

Mailing Address:
P.O. Box 85317
San Diego, California 92138

Officers: Clifford V. Brokaw, III, chairman & chief exec. officer; John W. Battin, president & chief operating officer; Edward W. Soron, sr. v.p.-marketing & technology development; Terry A. Deane, sr. v.p.-manufacturing; Vicki L. Foote, sr. v.p.-finance & administration & chief financial officer; Daniel M. Whalen, sr. v.p.-major programs; James T. Dooley, v.p.-finance, treasurer & chief accounting officer; Jeffrey S. Cohen, secretary.

Directors: Clifford W. Brokaw, III, Stanley W. Hubbel, Robert P. Scherer, Jr., John P. Thompson, John W. Battin.

Areas of Work: Radiation effects research, monitoring and testing services; development and manufacture of equipment for measurement of nuclear materials and non-destructive inspection.

Divisions:

National Security
Electronic Systems
Automated Systems

Subsidiaries:

Ridge, Inc.
Automated inspection products.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: IX

Number of Employees:

1989 156   1987 .... N.A.
1988 .... N.A.   1986 431

Plant Footage:

1989 .... 87,000 sq. ft.   1987 .... N.A.
1988 .... N.A.   1986 217,600

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income
1989	$ 16,719,000	$ (3,218,000)
1988	21,510,000	(12,319,000)
1987	24,816,000	(576,000)
1986	22,602,000	(4,387,000)
1985	16,468,000	959,000

	No. of Com. Shares ‡	Earn. per Share ‡
1989	4,926,785	$ —
1988	4,805,264	—
1987	4,468,430	—
1986	4,300,277	—
1985	4,223,418	0.23

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	—	—	—
1988	—	—	
1987	—	—	—
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ (5,606,000)	$ —
1988	(2,595,000)	—
1987	6,700,000	1.50
1986	7,576,000	1.76
1985	11,786,000	2.79

(Deficiency)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account*

Year ended March 31	1989	1988
Revenues	$ 16,719,000	$ 21,510,000
Cost of revenues	15,417,000	19,776,000
Expenses	5,272,000	8,604,000
Interest expense	1,707,000	1,937,000
Other expense (income)	(2,934,000)	135,000
Loss-cont. oper.	$ (2,743,000)	$ (8,942,000)
Loss-discont. oper.	(475,000)	(3,377,000)
Net Loss	$ (3,218,000)	$ (12,319,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,866,000 in 1989 and $1,942,000 in 1988.

Assets

As of March 31	1989	1988
Cash	$ 213,000	$ 112,000
Receiv., net	1,716,000	5,787,000
*Inventories	3,091,000	4,139,000
Prepaid expenses	309,000	418,000
Net assets-discont. oper.	673,000	4,909,000
Current assets	$ 6,002,000	$ 15,365,000
#Fixed assets	2,954,000	10,915,000
Other assets	3,210,000	3,841,000
Total Assets	$ 12,166,000	$ 30,121,000

Liabilities

	1989	1988
Notes payable	$ 4,600,000	$ 6,000,000
Long-term debt, curr.	265,000	255,000
Accts. payable, accruals & reserves	4,533,000	6,674,000
Def. gain on bldg., curr.	381,000	—
Sr. subord. promissory notes	5,885,000	5,000,000
Curr. Liabilities	$ 15,664,000	$ 17,929,000
Long-term debt	85,000	14,586,000
Def. gain on bldg.	1,937,000	—
Other liabilities	86,000	201,000
+Common stock	509,000	484,000
Add. paid-in capital	11,439,000	11,104,000
Emp. stock owner. plan	—	153,000
Retained earnings (deficit)	(17,554,000)	(14,336,000)
Total Liabilities & Shareholders' Equity	$ 12,166,000	$ 30,121,000

* At lower cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Isomet Corporation

5263 Port Royal Road
Springfield, Virginia 22151
(703) 321-8301

Officers: Henry Zenzie, president; Leon Bademian, exec. v.p.-operations; Jerry W. Rayburn, exec. v.p.-finance & treasurer; Robert G. Bonner, v.p.-components manufacturing; Frank V. Hamby, v.p.-systems manufacturing; Delmar R. Radar, v.p.-product engineering; Lee R. Marks, secretary; Vanda Gallagher, controller.

Directors: Henry Zenzie, Thomas P. Meloy, Leon Bademian, Jerry W. Rayburn, Lee R. Marks.

Areas of Work: Engaged in the design and production of laser accessory components and opto-electronic instruments employing synthetic crystals.

Subsidiaries:

Isomet Japan, K.K.
3-6 Minami-Suna
3-Chome
Koto-ku, Tokyo, Japan
Manufactures accousto-optic devices for the Japanese and other markets.

Isomet Laser Systems, Ltd.
18 John Baker Close
Llantarnam Industrial Park
Cwmbran, Gwent NP44 3AX, United Kingdom
Conducts laser systems research and development and assembly.

Printing Developments Isomet, Ltd.
18 John Baker Close
Llantarnum Industrial Park
Cwmbran, Gwent NP44 3AX, United Kingdom
Markets and services graphic arts equipment in Europe.

Transfer Agent(s):

Crestar Bank
Box 26665
Richmond, Virginia 23261

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IOMT (NASDAQ)

Number of Employees:

1988	87	1985	74
1987	84	1984	73
1986	78		

Plant Footage:

1988	29,674 sq. ft.	1986	28,524
1987	28,524	1985	27,724

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 9,576,979	$ 1,112,175
1987	8,584,000	729,485
1986	6,293,000	10,723
1985	4,743,000	(450,846)
1984	3,444,000	(185,406)

	No. of Com. Shares #	Earn. per Share ‡ #
1988	1,997,044	$ 0.56
1987	1,895,715	0.38
1986	1,895,715	0.02
1985	1,811,894	—
1984	1,562,756	—

(Loss)
‡ Including extraordinary gains of $36,966 ($0.02 per share) in 1986 and $52,670 in 1985.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 4,749,438	$ 2.38
1987	3,623,627	1.91
1986	2,912,100	1.54
1985	2,932,797	1.62
1984	2,858,662	1.83

‡ Based on the weighted average number of shares outstanding.

Income Account*

Year ended Dec. 31	1988	1987
Revenue:		
Net sales	$ 9,576,979	$ 8,584,339
Interest income	38,965	3,867
Other income	12,687	90,1803
Total income	$ 9,628,631	$ 8,678,386
Cost of sales	5,173,475	5,449,136
Expenses:		
Selling	538,562	352,958
Gen. & adm.	2,048,046	1,640,295
Res. & develop.	82,986	67,085
Interest expense	196,794	196,919
Income bef. taxes	$ 1,588,768	$ 971,993
Income taxes	448,760	242,508
Minority interest	27,833	—
Net Income	$ 1,112,175	$ 729,485

* Included in Costs and Expenses, Depreciation and Amortization: $219,787 in 1988 and $254,059 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 334,199	$ 511,825
Restricted cash	281,115	—
Certificates of deposit	201,691	—
Accts. receiv., net	2,070,002	2,224,885
Due from officers	14,966	10,742
Other receiv.	12,749	14,369
Cost & est. earnings in exc. of billings	74,294	160,229
Precious metals	254,458	206,857
*Inventories	3,869,537	3,110,081
Prepaid expenses	164,371	108,610
Current Assets	$ 7,277,382	$ 6,347,598
#Fixed assets	774,254	818,656
Other assets	102,520	164,524
Total Assets	$ 8,154,156	$ 7,330,778

Liabilities

	1988	1987
Notes payables	$ 1,390,664	$ 2,217,901
Accts. payable	501,842	666,583
Accruals	538,294	406,073
Income taxes payable	220,169	281,767
Customer advances	75,000	39,909
Deferred inc. taxes	39,989	3,863
Curr. Liabilities	$ 2,765,958	$ 3,616,096
Long-term debt	571,792	12,394
Deferred inc. taxes	34,031	78,661
Minority interest	32,937	—
+Common stock	1,896,340	1,895,715
Add. paid-in capital	4,180,080	3,854,611
Unamort. def. compensation from stock options	(325,000)	—
Deficit	(874,420)	(1,986,595)
For. curr. trans. adj.	(127,562)	(140,104)
Total Liabilities & Shareholders' Equity	$ 8,154,156	$ 7,330,778

* Inventories of parts and raw chemicals at lower of cost (FIFO) or market. Work-in-process and finished goods at lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	16.59	11.32
%Net Income to Sales	11.61	8.50
%Net Income to Equity	23.42	20.13
Sales to Inventories	2.47	2.76
Debt to Equity	0.41	0.62
Working Capital	$ 4,511,424	$ 2,731,502
Current Ratio	2.63	1.76
Shareholders' Equity	$ 4,749,438	$ 3,623,627

Itel Corporation

Two North Riverside Plaza
Suite 1950
Chicago, Illinois 60606
(312) 902-1515

Officers: Samuel Zell, chairman; Rod F. Dammeyer, president; James E. Knox, sr. v.p.-general counsel & secretary; Gary M. Hill, v.p.-finance; William G. Wolfe, v.p.-taxes; Scott H. Williamson, v.p.-acquisitions and development; Timothy J. Crossdaile, v.p.; Jack P. Edwards, pres.-Itel Transportation Services; John A. Pigott, pres.-Anixter Bros., Inc.; Bruce Van Wagner, chairman-Anixter Bros., Inc.; DeWitt D. Barlow, III, pres.-Great Lakes Dredge & Dock; Desmond P. Hayes, pres.-Itel Rail Corporation; Philip C. Kantz, pres.-Itel Container Corporation; Richard J. Price, pres.-Itel Distribution Systems.

Directors: Samuel Zell, chairman; Bernard F. Brennan, William A. Buzick, Jr., Rod F. Dammeyer, F. Philip Handy, Harold Haynes, John Hsieh, Jack P. Edwards, Jerome Jacobson, Melvyn N. Klein, Robert H. Lurie, John R. Petty, John A. Pigott, James D. Woods.

Areas of Work: Through Anixter Bros., Inc., a wholly owned subsidiary, the Company distributes, and to a lesser extent, manufactures products which use wire and cable as a principal component or which are used in the transmission of telephone communications or electricity. Specific products include telephone transmission components, modular central office structures to house electronic switching systems, electrical wiring harnesses and cable assemblies for use on appliances and vehicles, lights and switches primarily for military vehicles, battery booster cables and other power supply cords, microwave antennas for telephone and radio communications, and distribution equipment such as switchboards and power panels.

Divisions and Subsidiaries:

Anixter Bros., Inc.
4711 Golf Road
One Concourse Plaza
Skokie, Illinois 60076
(312) 677-2600

Itel Container Corporation
San Francisco, California
(415) 984-4000
Leases containers.

Great Lakes Dredge & Dock
Oak Brook, Illinois
(312) 574-3000
Heavy marine construction, primarily dredging.

Itel Rail Corporation
San Francisco, California
(415) 984-4000
Rail operations, including railcar leasing and ownership of four shortline railroads.

Itel Transportation Services
San Francisco, California
(415) 984-4000

Itel Distribution Systems
San Francisco, California
(415) 956-6781

Transfer Agent(s):

Manufacturers Hanover Trust Company of California
50 California Street, 10th Floor
San Francisco, California 94111

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ITEL (NASDAQ)

Number of Employees:

1988 6,800

Sales & Earnings

	Revenues	Net Income †
1988	$ 1,643,600,000	$ 24,800,000
1987	1,274,000,000	8,300,000
1986	288,700,000	55,700,000
1985	198,400,000	(6,500,000)
1984	194,900,000	1,300,000

	No. of Com. Shares	Earn. per Share † ‡
1988	48,790,000	$ 0.44
1987	26,530,000	—
1986	18,290,000	2.77
1985	14,950,000	—
1984	14,750,000	—

(Loss)
† Including extraordinary gains of $57,800,000 ($3.21 per share) in 1986, $4,600,000 in 1984 and extraordinary losses of $2,100,000 in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Container	$ 224,500,000	$ 158,500,000
Dredging	179,100,000	172,100,000
Rail	229,200,000	108,800,000
Distr. of wiring syst. prods.	1,010,800,000	834,600,000
Total	$ 1,643,600,000	$ 1,274,000,000

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 702,300,000 †	$ 14.39
1987	275,700,000 †	10.39
1986	149,300,000 †	8.16
1985	85,700,000	5.73
1984	90,000,000	6.10

† After allowing for preferred stock at stated values.

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 1,643,600	$ 1,274,000
Cost of sales & expenses	1,379,100	1,120,000
Interest expense	184,700	108,100
Amort. of intangibles	8,400	8,100
Non-recurring items	8,000	1,300
Minority interest	11,100	6,100
Inc. bef. taxes	$ 52,300	$ 30,400
Income taxes	27,500	14,800
Net Income	$ 24,800	$ 15,600
Extraord. loss	—	(7,300)
Net Income & extraord. loss	$ 24,800	$ 8,300

* Included in Costs and Expenses, Depreciation and Amortization: $114,900,000 in 1988 and $87,300,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 50,400	$ 35,400
Accts. receiv., net	305,200	234,100
*Inventories	255,300	222,400
Prepaid expenses	37,100	20,900
Current Assets	$ 648,000	$ 512,800
#Fixed assets	1,819,100	982,000
Investments	562,100	19,900
Financing receiv.	92,700	68,400
Assets held for sale	479,700	18,400
Intangibles	345,500	319,800
Other assets	53,800	28,000
Total Assets	$ 4,000,900	$ 1,949,300

Liabilities
(000's)

Long-term debt, curr.	$ 104,100	$ 71,500
Accts. payable.	166,400	125,100
Accruals	243,200	119,600
Curr. Liabilities	$ 513,700	$ 316,200
Long-term debt	2,571,000	1,141,200
Other liabilities	119,600	42,400
Minority interest	12,200	34,400
+Preferred stock-Class B, Series A	—	56,500
++Preferred stock-Class B, Series C	82,100	82,900
+++Common stock	49,500	27,200
Add. paid-in capital	683,400	236,100
Retained earnings	40,500	23,900
Cum. trans. adjust.	2,400	2,400
Val. allow for eq. secur.	(46,200)	(4,400)
Treasury stock	(27,300)	(9,500)
Total Liabilities & Shareholders' Equity	$ 4,000,900	$ 1,949,300

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $1 par value; $8.64 cumulative.
++ $1 par value; $3.375 cumulative convertible.
+++ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	3.18	2.39
%Net Income to Revenue	1.51	1.22
%Net Income to Equity	3.16	3.76
Debt to Equity	3.41	2.92
Working Capital	$ 134,300,000	$ 196,600,000
Current Ratio	1.26	1.62
Shareholders' Equity	$ 784,400,000	$ 415,100,000

ITT Corporation

320 Park Avenue
New York, New York 10022
(212) 752-6000

Officers: Rand V. Araskog, chairman & chief executive officer; DeRoy C. Thomas, president & chief operating officer; M. Cabell Woodward, Jr., vice chairman & chief financial officer; Howard J. Aibel, exec. vice president and general counsel; Daniel F. Lundy, sr. v.p.-taxes; George P. Scurria, Jr., sr. v.p. & treasurer; Raymond H. Alleman, sr. v.p. & controller; Juan C. Cappello, sr. v.p. & dir.-corporate relations; Daniel P. Weadock, exec. v.p. & president-ITT COINS; Robert E. Laws, sr. v.p. & president-ITT Financial Corporation; John J. Navin, v.p. & secretary; John J. Foley, sr. v.p. & dir.-operations staff; Ralph W. Pausig, sr. v.p. & dir.-administration; Raymond J. Gill, sr. v.p. & president-ITT Fluid Technology Corporation; Ralph E. Reins, sr. v.p. & pres.-ITT Automotive, Inc.; Heinz F. Roessle, sr. v.p. & pres.-ITT Electronic Components, Inc.; Robert S. Slifka, sr. v.p. & exec. v.p.-ITT Financial Corporation; D. Travis Engen, sr. v.p. & pres.-ITT Defense Technology Corporation; Samuel L. Simmons, sr. v.p. & dir.-corp. development.

Directors: Bette B. Anderson*, Margita E. White*, M. Cabell Woodward, Jr., Edward C. Meyer*, Rand V. Araskog*, Thomas W. Keesee, Jr.*, Michel David-Weill*, Robert A. Schoellhorn*, DeRoy C. Thomas, Lawrence S. Eagleburger*, C. Robert Powell*, Robert A. Burnett*, Benjamin F. Payton*.

* Member of the Executive Committee

ITT Corporation

Areas of Work: ITT Corporation is a diversified company active in more than 100 countries with a wide range of manufacturing and service operations. It is an important supplier of telecommunication and electronics equipment, industrial products, natural resource materials, engineered products, automotive components, consumer products, food products and aerospace systems. Major service areas include insurance, business and financial services, hotels/motor inns, and international communications.

Divisions and Subsidiaries:

ITT Corporation ("ITT")-Delaware
Federal Electric Corporation - Delaware
ITT Power Systems Corporation
ITT Higbie
ITT Hancock
ITT Automotive, Inc.
ITT Cannon
ITT Standard
ITT Bell & Cossett
ITT Barton Instruments
ITT Defense Technology Corporation
ITT Gilfillan
ITT Defense Communications
ITT Avionics
Carbon Industries, Inc.-West Virginia
ITT Community Development Corporation-Delaware
ITT Dialcom, Inc.-Maryland
ITT Systems, Inc.-Delaware
ITT Lester Industries, Inc.-Ohio
ITT World Directoris, Inc.-Delaware
Qume Corporation-California
The Sheration Corporation-Delaware

ITT Holdings Inc. ("ITT Holdings")-Delaware
ITT Canada Limited ("Canada")-Canada
ITT Industries of Canada Limited-Canada
ITT Grinnell Coporation-Delaware
ITT Industries, Inc. ("ITTI")-Delaware
Joseph Kempf G.m.b.H.-Germany
ITT Gesellschaft fur Beteiligugen m.b.H ("ITTG")-Germany
Deutche ITT Handelsgesellschaft m.b.H.-Germany
H.W. Liebrich G.m.b.H.-Germany
Transatlantische Rueckversicherungs
AG ("Granstl")-Germany
SWF Spezialfabrik fur Autozubehor Gustav Rau G.m.b.H.-Germany
SWF Auto-Electric Gmbh-Germany
Alfred Teves G.m.b.H. ("Teves")-Germany
ITT Regelungstechnik Verwaltungs G.m.b.H. (ITTR)-Germany
Reiss International-Germany
ITT Svenska AB ("Svenska")-Sweden
Flygt Aktiebolag-Sweden
IKO Kabel AB ("IKO")-Sweden
Standard Radio & Telefon AB-Sweden
Wilhelm Stadtmuller G.m.b.H.
ITT Rayonier Incorporated ("Rayonier")-Delaware

International Standard Electric Corporation ("ISEC")-Delaware
Bell Telephone Manufacturing Company-Belgium
FACE Finanziaria S.p.A.-Italy
ITT Austria Gelellschaft m.b.H.-Austria
ITT Netherlands, Inc. ("ITTN")-Delaware
Koni B.V.-Netherlands
Standard Fincance Netherlands ("SFFN")-Netherlands
Nederlandsche Standard Electric Maatschappij. B.V.-Netherlands
Way-Assauto-Italy
ITT Telecom Products Corporation-Delaware
ISE Canadian Finance Ltd.-Ontario
Intel S.A. ("Intelsa")-Switzerland
ITT Standard S.A.-Switzerland
Standard Electric Kirk A/S-Denmark
Standard Electrica S.A.-Spain
Standard Elektrik Lorenz A.G.-Germany
Standard Telephon und Radio A.G.-Switzerland
Standard Telefon og Kabelfabrik A/S-Norway
Standard Telephones and Cables Pty. Limited-Australia
ITT (United Kingdom) Limited-New York

ITT Communications and Information Services, Inc., ("COINS")-Delaware
ITT Communications Services, Inc. ("ITTCSI")-Delaware
All America Cables and Radio, Inc.-New York
United States Transmision Systems, Inc.-Delaware
Alcatel N.V. (37% interest)

SIGNIFICANT INSURANCE AND FINANCE SUBSIDIARIES-

Hartford Fire Insurance Company ("Hartford")-Connecticut
Abbey International Corporation ("Abbey")-Georgia
ITT Hartford Europe Limited ("ITTHE")-England
Abbey Life Group Limited-England
Excess Insurance Group Limited-England
Hartford Accident & Indemnity Company-Connecticut
Hartford Life and Accident Insurance Co. ("HLAI")-Connecticut
ITT Life Insurance Corporation ("Life")-Wisconsin
Hartford Life Insurance Company ("HLIC")-Connecticut
Hartford Variable Annuity Life Insurance Company-Connecticut
ISE Finance Holdings S.A.-Luxembourg
ITT Credit Corporation-Delaware
ITT Consumer Services Corporation ("ITTCS")-Delaware
ITT Financial Corporation ("ITTFC")-Delaware
Aetna Finance Company-Delaware
ITT Consumer Financial Corporation-Delaware
ITT Business Services Corporation (Mo.) ("ITTBSC")-Missouri
ITT Industrial Credit Company-Nevada
ITT Commercial Finance Corporation-Delaware
Lyndon Insurance Company-Wisconsin
ITT Lyndon Life Insurance Company-Missouri
ITT Lyndon Property Insurance Company-Missouri
Newport Balboa Savings and Loan Association-California
Kellogg Credit Corporation-Delaware

Transfer Agent(s):

Office of the Corporation
(common & preferred stock)
320 Park Avenue
New York, New York 10022

Dresdner Bank AG (common only)
Frankfurt-am-Main, Federal Republic of Germany

Stock Exchange(s): New York, Pacific, Antwerp, Basel, Berne, Brussels, Geneva, Frankfurt, Lausanne, London, Paris, Tokyo, Vienna, Zurich

Ticker Symbol: ITT

Number of Employees:

1988	117,000
1987	120,000
1986	123,000
1985	232,000
1984	252,000

Sales & Earnings x

	Net Sales + (000's)	Net Income # (000's)
1988	$ 19,355,000	$ 817,000
1987	18,195,000	965,000
1986	16,271,000	477,000
1985	13,781,000	266,000
1984	12,433,000	439,000

	No. of Com. Shares	Earn. per Share # †
1988	134,000,000	$ 5.70
1987	136,000,000	6.41
1986	141,000,000	3.12
1985	141,000,000	1.70
1984	140,000,000	2.91

x Restated to reflect adoption of SFAS Nos. 91, 94, 95 and 97.
+ Includes other revenues and revenues from Insurance and Finance Subsidiaries; of continuing operations only.
# Including extraordinary loss of $45,733,000 ($0.30 per share) in 1986.
† Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Producsts:		
Automotive	$ 2,790	$ 2,437
Electronic components	1,152	1,061
Fluid technology	839	741
Defense technology	1,387	1,279
Pulp & timber	1,084	847
Diversified services:		
Insurance oper.	8,553	8,345
Financial serv.	1,479	1,292
Communications & information serv.	1,086	896
Hotels	773	744
Total segments	$ 19,143	$ 17,642
Dispositions	212	553
Total sales & revenues	$ 19,355	$ 18,195

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.3075	—	—
1987	1.0625	—	
1986	1.00	—	—
1985	1.00	—	—
1984	1.88	—	—

Common Stock Equity x

	Total Equity +	Equity Per Share
1988	$ 7,527,000,000	$ 56.33
1987	7,078,000,000	52.11
1986	6,348,000,000	44.91
1985	5,739,000,000	40.84
1984	5,330,000,000	38.14

x Restated.
+ After allowing for preferred stock at aggregate liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Sales & revenues	$ 19,355,000	$ 18,195,000
Cost of sales & services	8,523,000	7,882,000
Expenses	9,552,000	9,297,000
Equity in earn. of Alcatel N.V.	(125,000)	(73,000)
Interest expense	243,000	241,000
Other expense (income)	45,000	(434,000)
Income before taxes	$ 1,117,000	$ 1,282,000
Income taxes	215,000	214,000
Minority equity	44,000	36,000
Inc.-cont. oper.	$ 858,000	$ 1,032,000
Loss-discont. oper.	(41,000)	—
Cum. effect of accntng. change	—	(67,000)
Net Income	$ 817,000	$ 965,000

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $500,000,000 in 1988 and $506,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash	$ 880,000	$ 900,000
Finance receiv., net	7,600,000	6,357,000
Other receiv., net	4,213,000	4,207,000
*Inventories	1,308,000	1,243,000
Invest. in Alcatel N.V.	1,683,000	1,650,000
Insurance investments	17,423,000	15,341,000
Finance investments	1,151,000	1,018,000
Deferred policy acq. costs	1,055,000	1,027,000
#Fixed assets	3,411,000	3,395,000
Other assets	3,217,000	3,153,000
Total Assets	$ 41,941,000	$ 38,291,000

Liabilities
(000's)

Policy liab. & accruals	$ 16,859,000	$ 14,780,000
Finance debt	6,997,000	6,000,000
Other debt	4,571,000	4,342,000
Accts. pay. & accruals	3,237,000	3,169,000
Other liabilities	2,242,000	2,414,000
+Preferred stock	278,000	278,000
++Common stock	134,000	136,000
Add. paid-in capital	851,000	959,000
Retained earnings	6,948,000	6,329,000
Unrealized gain (loss) on eq. secur.	20,000	(23,000)
Cum. trans. adjust.	(196,000)	(93,000)
Total Liabilities & Shareholders' Equity	$ 41,941,000	$ 38,291,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales & Revenues	—	7.05
%Net Income to Sales & Revenues	—	5.67
%Net Income to Equity	10.17	13.60
Debt to Equity	1.44	1.36
Shareholders' Equity	$ 8,035,000,000	$ 7,586,000,000

Jetronic Industries, Inc.

4200 Mitchell Street
Philadelphia, Pennsylvania 19128
(215) 482-7660

Officers: Daniel R. Kursman, chairman of the board, president and treasurer; Jerome I. Kursman, vice president and secretary; Leonard W. Pietrzak, vice president-finance; Peter J. Kursman, chairman-Ross Matthews Corporation; William L. Weiss, general counsel.

Directors: Daniel R. Kursman, chairman; Jerome I. Kursman, Peter Kursman, Herbert Myers, William L. Weiss.

Areas of Work: Engaged in the design, manufacture, and sale of electronic communication and navigation equipment and the manufacture and sale of power supplies, circuit boards, and instrumentation systems. Also involved in the retail sale of furniture and major appliances, and the manufacture and sale of narrow tapes, shock cords, industrial straps and related products.

Divisions and Subsidiaries:

Transchem Division
3667 Birch Street
Newport Beach, California 92660
Produces multilayer laminated rigid and flexible etched circuit boards, primarily for the computer and aerospace industries, precision power systems, tactical intercommunication systems, instrumentation system and ground support/checkout systems.

Harry Levin, Inc.
Philadelphia, Pennsylvania
Engaged in the retail furniture and appliance business in the Philadelphia, Pennsylvania area.

Ross Matthews Corporation
Fall River, Massachusetts
Manufactures narrow tapes, shock cord, industrial straps and related products.

Ray Jefferson Division
4200 Mitchell Street
Philadelphia, Pennsylvania 19128
Development of marine electronic communication and navigation equipment and accessory instruments for commerical and leisure use, including marine radio telephones, radio direction finders, and marine antennas.

Redco, Inc.
Manufactures and markets control panels and switchgear primarily for use in diesel power electrical generators.

Transfer Agent(s):

Continental Stock Transfer Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: JET

Number of Employees:

1988	523
1987	681
1986	750
1985	570
1984	695

Plant Footage:

1988	272,000 sq. ft.
1987	367,000
1986	367,000
1985	238,000
1984	238,000

Sales & Earnings

	Revenues †	Net Income +
1989	$ 50,346,000	$ (173,000)
1988	52,084,000	(5,337,000)
1987	50,072,000	1,007,000
1986	43,660,000	1,510,000
1985	40,551,000	1,091,000

	No. of Com. Shares ‡	Earn. per Share +‡
1989	2,457,000	$ —
1988	2,457,000	—
1987	2,457,000	0.41
1986	2,454,000	0.62
1985	2,386,000	0.46

(Loss)
† Of continuing operations only.
+ Including extraordinary gain of $68,000 in 1989.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues by Line of Business
(000's)

	1989	1988
Jetronic:		
Electronic communication & navigation equipment	$ 10,619	$ 12,986
Energy conversion products group	21,436	17,349
The Levin Group:		
Retail furniture & appliances	14,052	17,228
Narrow fabrics & tapes	4,239	4,521
Total	$ 50,346	$ 52,084

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	—	—	—
1988	—	—	
1987	—	10%	—
1986	—	10%	—
1985	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1989	$ 6,939,000	$ 2.82
1988	7,183,000	2.92
1987	12,432,000	5.06
1986	11,298,000	4.60
1985	9,598,000	4.02

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account*

Year ended Jan. 31	1989	1988
Net sales	$ 49,284,000	$ 51,014,000
Other income	1,062,000	1,070,000
Total income	$ 50,346,000	$ 52,084,000
Cost of sales	38,479,000	39,288,000
Expenses	10,819,000	15,889,000
Prov. for doubtful accts.	348,000	578,000
Interest expense	1,871,000	1,833,000
Restruc. costs	1,381,000	1,254,000
Gain on prop. dispos.	(2,021,000)	—
Loss before taxes	$ (531,000)	$ (6,758,000)
Income taxes (credit)	15,000	(1,257,000)
Loss - cont. oper.	$ (546,000)	$ (5,501,000)
Inc. - discont. oper.	105,000	164,000
Net Loss	$ (441,000)	$ (5,337,000)
Extraord. gain	68,000	—
Cum. effect of acct. change	200,000	—
Net Loss & extraord. gain	$ (173,000)	$ (5,337,000)

* Included in Costs and Expenses, Depreciation and Amortization: $721,000 in 1989 and $914,000 in 1988.

Assets

As of Jan. 31	1989	1988
Cash	$ 686,000	$ 628,000
Accts. receiv. net	12,741,000	15,198,000
*Inventories	10,895,000	16,620,000
Income tax refunds receiv.	—	655,000
Prepaid expenses	1,270,000	1,045,000
Current Assets	$ 25,592,000	$ 34,146,000
#Fixed assets	2,479,000	3,328,000
Goodwill	1,121,000	1,499,000
Other assets	1,184,000	629,000
Total Assets	$ 30,376,000	$ 39,602,000

Liabilities

Notes payable	$ 10,542,000	$ 14,762,000
Long-term debt. curr	441,000	674,000
Accts. payable	3,397,000	3,136,000
Accrued payroll	314,000	329,000
Other accruals	1,972,000	5,994,000
Curr. Liabilities	$ 16,666,000	$ 24,895,000

Long-term debt	6,771,000	7,215,000
Minority interest	—	309,000
+Common stock	246,000	246,000
Add. paid-in capital	9,473,000	9,473,000
Cum. trans. adj.	—	71,000
Retained earnings (deficit)	(2,522,000)	(2,349,000)
Exercise of stock options	(258,000)	(258,000)
Total Liabilities & Shareholders' Equity	$ 30,376,000	$ 39,602,000

* At lower of cost (LIFO) or market; inventories of narrow fabrics and tape stated at FIFO.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.52	3.07
Debt to Equity	2.56	1.00
Working Capital	$ 8,926,000	$ 9,251,000
Current Ratio	1.54	1.37
Shareholders' Equity	$ 6,939,000	$ 7,183,000

John Fluke Mfg. Co., Inc.

6920 Seaway Boulevard
Everett, Washington 98203
(206) 347-6100

P.O. Box C9090
Everett, Washington 98206

Officers: John M. Fluke, Jr., chairman of the board; George M. Winn, president & chief executive officer; Ronald R. Wambolt, sr. v.p. & dir.-worldwide sales; John R. Smith, vice president & treasurer; Richard W. Van Saun, v.p. & group mgr.-Service Equipment Group; Jerome A. Froland, v.p. & group mgr.-Business Development Group; George O. Trickel, v.p.-personnel & facilities; William R. Hoffman, v.p. & group mgr.-Philips T&M Group; Valentine C. Gersbach, v.p. & group mgr.-Calibration & Communications Group; Douglas G. McKnight, v.p., gen. counsel & secretary.

Directors: Everts L. Johns, Richard B. Hooper*, James B. Scroggs*, Henry G. Dahl, Jr., John M. Fluke, Jr.*, N. Stewart Rogers*, George M. Winn*, David S. Potter, Philip M. Condit*, George T. de Kruiff, James E. Warjone.

* Member of the Executive Committee

Areas of Work: Designs, manufactures and sells commercial electronic test and measurement instruments and systems for scientific, educational, industrial and governmental applications. Products manufactured include digital voltmeters and multimeters, electronic counters, frequency synthesizers, digital thermometers, circuit board testers, data loggers, calibrators and standards, signal generators, automatic test systems, IEEE Bus Controllers and microsystem testers. Also sells and supports N.V. Philips' test and measurement instruments in North America and aother selected markets. Products include oscilloscopes, logic analyzers, and electronic counters.

Fluke International Corporation
P.O. Box C9090
Everett, Washington 98206

Instrument Specialists Sales Group
John Fluke Mfg. Co., Inc.
2020 No. Lincoln Street
Burbank, California 91504

CCI Sales Group
1400 Hicks Road
Rolling Meadows, Illinois 60008

SBM Representative Sales Group
John Fluke Mfg. Co. Inc.
West 75 Century Road
Paramus, New Jersey 07652

Fluke (Holland) B.V.

Fluke Foreign Sales Corporation (FSC)

Fluke Electronics Canada, Inc.,
Toronto, Ontario, Canada

Fluke Asia Limited
Hong Kong

HILEVEL Technology, Inc., (25% interest)
Supplier of application specific integrated circuit (ASIC) verification and support systems.

Transfer Agent(s):

The First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American, Pacific

Ticker Symbol: FKM

Number of Employees:

1988	2,400	1985	2,652
1987	2,400	1984	2,825
1986	2,500		

Plant Footage:

1988	706,167 sq. ft.	1986	706,167
1987	706,167	1985	706,167

Sales & Earnings

	Net Sales	Net Income
1988	$ 224,547,000	$ 12,419,000
1987	206,328,000	2,005,000
1986	209,030,000	12,156,000
1985	216,559,000	15,200,000
1984	208,076,000	18,983,000

	No. of Com. Shares #	Earn. per Share #
1988	9,210,232	$ 1.35
1987	8,660,738	0.23
1986	9,358,655	1.30
1985	9,506,174	1.60
1984	9,673,184	1.96

# Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	5%	—
1987	—	5%	
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 132,371,000 +	$ 14.71
1987	106,820,000	12.63
1986	124,248,000	13.23
1985	111,428,000	11.97
1984	104,325,000	10.78

+ After allowing for preferred stock at par value.
‡ Adjusted to reflect stock dividends.

Income Account*
(000's)

Year ended Sept. 30	1988	1987
Net sales	$ 224,547	$ 206,328
Cost of sales	113,464	96,257
Expenses	91,875	91,399
Employee benefit plans	5,215	4,903
Restruc. expenses	—	7,866
Interest expense	452	1,833
Other income	(4,255)	(2,107)
Income before taxes	$ 17,796	$ 6,177
Income taxes	5,377	4,172
Net Income	$ 12,419	$ 2,005

* Included in Costs and Expenses, Depreciation and Amortization: $10,583,000 in 1988 and $10,391,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash	$ 12,351	$ 12,200
Accts. receiv., net	39,375	38,456
Receivables rel. to restruc.	—	6,910
*Inventories	47,570	40,020
Deferred inc. taxes	3,665	2,927
Prepaid expenses	3,246	5,294
Current Assets	$ 106,207	$ 105,807
#Fixed assets	61,363	58,930
Invest. in affil.	5,469	—
Other assets	3,410	2,467
Total Assets	$ 176,449	$ 167,204

Liabilities
(000's)

Short-term debt	$ —	$ 10,000
Long-term debt, curr.	699	607
Accts. payable	5,963	5,201
Accruals	14,487	16,957
Accruals rel. to restruc.	9,398	13,309
Income taxes	974	1,283
Curr. Liabilities	$ 31,521	$ 47,357
Long-term debt	696	822
Deferred inc. taxes	7,244	8,585
Other deferred liab.	4,592	3,620
+Preferred stock	25	—
++Common stock	2,202	2,202
Add. paid-in capital	100,747	87,940
Retained earnings	43,055	37,005
Treasury stock	(13,633)	(20,327)
Total Liabilities & Shareholders' Equity	$ 176,449	$ 167,204

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value; convertible.
++ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.93	2.99
%Net Income to Sales	5.53	[illegible]
%Net Income to Equity	9.38	[illegible]
Sales to Inventories	4.72	[illegible]
Debt to Equity	0.01	[illegible]
Working Capital	$ 74,686,000	$ 58,450,000
Current Ratio	3.37	2.23
Shareholders' Equity	$ 132,396,000	$ 106,820,000

Johnson Controls, Inc.

5757 North Green Bay Avenue
P.O. Box 591
Milwaukee, Wisconsin 53201
(414) 228-1200

Officers: Fred L. Brengel, chairman & chief executive officer; John F. Daly, vice chairman; William L. Rootham, vice chairman; James H. Keyes, president & chief operating officer; Frank M. Sterner, vice president; Joseph W. Lewis, vice president; George Jacobi, vice president; John M. Barth, vice president; David A. Bigler, vice president; R. Eugene Goodson, vice president; Robert D. Gustine, vice president; J. William Horton, vice president; William P. Killian, vice president; James M. Wade, v.p. & chief financial officer; Florence Klatt, asst. secretary; John P. Kennedy, secretary & gen. counsel; Stephen A. Roell, treasurer; James J. Lehmann, corp. controller.

Directors: Ettore Barbatelli, Fred L. Brengel*, John S. Randall*, William L. Rootham, John F. Daly, William J. Hubbard, Jr., James H. Keyes, Donald Taylor*, Robert T. Foote, R. Douglas Ziegler*, James L. Krum*, Paul A. Brunner, Robert L. Barnett, Gilbert R. Whitaker, Jr., Paul W. McCrackon.

* Member of the Executive Committee

Areas of Work: Engaged in the development, production and servicing of computer systems designed for building automation, fire safety and security and energy systems; manufactures and markets auto batteries and automotive seating; manufactures plastic containers and plastics blowmolding machinery.

Divisions:

Systems & Services Division
507 E. Michigan Street
P.O. Box 423
Milwaukee, Wisconsin 53201
(414) 274-4000

Provides building automation systems and products which can monitor and control every phase of a building's operations including energy conservation, fire safety and security.

Systems Engineering & Construction Division
207 North Jefferson Street
P.O. Box 423
Milwaukee, Wisconsin 53201
(414) 274-4815

Designs, installs and maintains industrial instrumentation and process control systems.

Control Products Division
1250 E. Diehl
Naperville, Illinois 60540
(312) 654-4900

Designs, produces and distributes energy related products to original equipment manufacturers. Products include a complete line of automatic temperature pressure and flow controls for air conditioning, refrigeration, commercial and residential heating, water pumping and gas burning equipment.

Battery Group
5757 N. Green Bay Avenue
P.O. Box 591
Milwaukee, Wisconsin 53201
(414) 228-1200

Manufactures and sells automotive and other rechargeable lead-acid batteries.

Automotive Systems Group
825 Victors Way
P.O. Box 1003
Ann Arbor, Michigan 48106
(313) 665-1500

Designs and manufactures complete seating systems and foam and metal seating components for cars, trucks and vans. Designs and manufactures window regulators, latches, locks and other automotive components.

Plastic Technology Group
912 City Road
P.O. Box 129
Manchester, Michigan 48158
(313) 428-8371

Plastic Container Division

Supplies plastic soft drink bottles for the U.S. market.

Plastics Machinery Division

Design and assembly of blowmolding machinery.

Engineered Plastics Division

Manufactures plastic components for automotive applications such as radiator end caps, gears and power steering reservoirs.

Subsidiaries:

Johnson Controls International, Inc.
Milwaukee, Wisconsin

Johnson Controls, Ltd.
Toronto, Ontario, Canada

Transfer Agent(s):

First Wisconsin Trust Co.
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

Stock Exchange(s): New York

Ticker Symbol: JCI

Number of Employees:

1987	26,900
1986	26,900
1985	29,000
1984	21,200
1983	20,700

Plant Footage:

1987 ..... 12,000,000 sq. ft. 1986 11,000,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 2,676,817,000	$ 89,578,000
1986	2,639,376,000	95,926,000
1985	1,787,049,000	78,290,000
1984	1,425,271,000	66,723,000
1983	1,323,424,000	59,041,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	37,816,900	$ 2.20
1986	38,011,100	2.36
1985	32,489,400	2.40
1984	28,346,200	2.35
1983	28,291,000	2.09

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.06	—	2-for-1
1986	1.00	—	
1985	0.93	—	—
1984	0.83	—	—
1983	0.75	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 770,364,000	$ 20.88
1986	753,841,000 †	19.87
1985	690,331,000 †	18.40
1984	460,145,000	16.24
1983	392,255,000 †	14.76

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1987	1986
Net sales	$ 2,676,817	$ 2,639,376
Cost of sales	2,132,467	2,114,823
Expenses	366,304	341,107
Oper. profit	$ 178,046	$ 183,446
Interest income	(6,593)	(11,049)
Other income	(2,322)	(2,664)
Interest expense	16,011	22,762
Income before taxes	$ 170,950	$ 174,397
Income taxes	81,372	78,471
Net Income	$ 89,578	$ 95,926

* Included in Costs and Expenses, Depreciation and Amortization: $97,878,000 in 1987 and $90.439,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash & invest.	$ 20,292	$ 18,579
Accts. receiv., net	442,285	404,498
Contract costs in excess of billings	20,921	19,740
*Inventories	211,070	218,933
Other assets	95,522	77,062
Current Assets	$ 790,090	$ 738,812
#Fixed assets	648,354	609,277
Goodwill	194,553	200,367
Invest. in affil.	28,172	26,956
Other assets	77,914	88,607
Total Assets	$ 1,739,083	$ 1,664,019

Liabilities
(000's)

	1987	1986
Short-term debt	$ 126,308	$ 94,408
Long-term debt, curr.	14,038	9,407
Accts. payable	189,045	157,913
Accrued compensation	95,087	79,769
Billings in excess of costs	107,949	121,086
Accrued inc. taxes	37,657	57,674
Other liabilities	80,984	71,799
Curr. Liabilities	$ 651,068	$ 592,056
Long-term debt	198,224	133,270
Other liabilities	49,963	40,830
Deferred inc. taxes	69,464	69,022
+ Preferred stock	—	1,500
++ Common stock	6,362	3,157
Add. paid-in capital	403,837	475,139
Retained earnings	400,902	357,421
Treasury stock	(40,521)	(84)
Cum. trans. adjust.	(216)	(8,292)
Total Liabilities & Shareholders' Equity	$ 1,739,083	$ 1,664,019

* At lower of cost (primarily LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value; $4.25 convert. exchange., Series C.
++ $0.16 2/3 par value.

Statistical Summary

	1987	1986
%Income bef. Taxes to Sales	6.39	6.61
%Net Income to Sales	3.35	3.63
%Net Income to Equity	11.63	11.57
Sales to Inventories	12.68	12.06
Debt to Equity	0.44	0.29
Working Capital	$ 139,022,000	$ 146,756,000
Current Ratio	1.21	1.25
Shareholders' Equity	$ 770,364,000	$ 828,841,000

Kaman Corporation

Blue Hills Avenue
P.O. Box 1
Bloomfield, Connecticut 06002
(203) 243-8311

Officers: Charles H. Kaman, chairman & president; Harvey S. Levenson, sr. v.p.; Fred L. Smith, sr. v.p.; Glenn M. Messemer, v.p. & asst. secretary; John S. Murtha, secretary;

Kaman Corporation

William P. Desautelie, v.p. & treasurer; Robert M. Garneau, v.p. & controller; Russell H. Jones, v.p.; Eugene G. Daly, asst. v.p.; J. Kenneth Nasshan, asst. v.p.; James A. Morholt, asst. v.p.; Candace A. Clark, asst. secretary & associate counsel; Roger W. Roy, asst. controller; Raymond H. Picard, asst. controller.

Directors: Charles H. Kaman*, chairman; John S. Murtha*, Carlyle F. Barnes, Robert H. Willis*, D. Brainerd Holmes, Robert L. Newell*, Forrest S. Petersen, Edythe J. Gaines, Hartzel Z. Lebed, John A. DiBiaggio, Walter H. Monteith, Jr., Thomas J. Murrin, William L. Webb, Jr..

* Member of the Executive Committee

Areas of Work: The Company conducts its business through two indsutry segments: Diversified Technologies and Distribution. Through its Diversified Technologies operations, the Company provides scientific services and systems development primarily for the U.S. armed forces and government agencies; advanced technology products for military and commercial applications; helicopters, helicopter modifications and spare parts for the U.S. Navy; and aerospace subcontracting for defense and commercial prime contractors. Through its Distribution operations, the Company distributes industrial products, including bearings, power transmission, hydraulic, and electrical/electronic drive systems products and accessories, and distributes musical instrments and accessories.

Divisions and Subsidiaries:

DIVERSIFIED TECHNOLOGIES

Sciences Group
Advanced materials, measuring devices, weapons studies, advanced aerodynamics, computer time-sharing and programs, and systems analysis.

Kaman Sciences Corporation
Garden of the Gods Road
Colorado Springs, Colorado 80907

Kaman Instrumentation Corporation
Colorado Springs, Colorado 80907

Kaman AviDyne
Barlingto, Massachusetts

Aerospace Group
Airframe components; rotary wing, energy systems, research and development; bearings, couplings.

Kaman Aerospace Corporation
Bloomfield, Connecticut 06002

Kamatics Corporation
Bloomfield, Connecticut 06002

Aviation Services Group
Aircraft sales and services, fuel, repair, charter service, flight training and airline services.

AirKaman of Jacksonville, Inc.
Jacksonville International Airport
Box 18157
Jacksonville, Florida 32229

DISTRIBUTION

Music Group
Acoustic and electric guitars, accessories, musical strings; pianos, a complete line of musical instruments.

Coast Wholesale Music Co. of Los Angeles
1215 W. Walnut Street
Compton, California 90220

Coast Wholesale Music Co. of San Francisco
200 Industrial Way
San Carlos, California

Ovation Instruments, Inc.
Bloomfield, Connecticut

Kaman Musical String Corporation
Bloomfield, Connecticut

Kaman Music International Corp.
Bloomfield, Connecticut

C. Bruno & Son, Inc.
San Antonio, Texas
Wheeling, Illinois
Bloomfield, Connecticut
Atlanta, Georgia

Bearing & Supply Group
Line of new and replacement parts for industrial operations. Consulting services in power transmission, material handling and industrial operations.

Kaman Aircraft Bearing
Los Angeles, California

Kaman Bearing and Supply Corp. of California
Kaman Bearing & Supply Co.
140 S. Arrowhead Avenue
San Bernardino, California 92408

Kaman Bearing and Supply Corp. Intermountain
1771 South 450 West
Salt Lake City, Utah 84110

Kaman Bearing and Supply Corp. Northwest
East 4115 Trent Avenue
Spokane, Washington 99220

Kaman Bearing and Supply Corp. East
5900 Firestone Drive
Syracuse, New York 13221

Kaman Bearing and Supply Corp. South
1129 E. Platt Street
Tampa, Florida 33602

Locus, Inc.
Specializes in the areas of electronic warfare simulation, electromagnetic signal intelligence analysis, and telecommunications products in the microwave frequency range.

Raymond Engineering Inc.
Defense products.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
Bank Window, Church Street Station
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KAMNA (NASDAQ)

Number of Employees:

1988	6,391
1987	6,473
1986	6,333
1985	5,326
1984	5,006

Plant Footage:

1988 .... 2,844,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 706,971,000	$ 24,140,000
1986	587,820,000	20,256,000
1985	556,042,000	19,119,000
1984	537,975,000	17,151,000
1983	475,388,000	12,816,000

	No. of Com. Shares +	Earn. per Share ‡
1988	17,831,675	$ 1.42
1987	17,549,433	1.37
1986	17,350,394	1.16
1985	17,189,237	1.11
1984	17,016,507	1.01

+ Adjusted to reflect stock splits.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1988 (000's)	%	1987 (000's)	%
Diversified technologies	$ 410,970	54 %	$ 390,132	55 %
Distribution	356,271	46	316,839	45
Total	$ 767,241	100 %	$ 706,971	100 %

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 0.42	—	—
1987	0.36	—	
1986	0.30	—	—
1985	0.25	—	3-for-2
1984	0.22	—	—

# Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 178,582,000	$ 10.01
1987	157,334,000	8.97
1986	136,802,000	7.88
1985	120,218,000	6.99
1984	-104,184,000	6.12

‡ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1988	1987
Revenues:		
Net sales	$ 767,241,000	$ 706,971,000
Other	610,000	568,000
Total	$ 767,851,000	$ 707,539,000
Cost of sales	574,125,000	522,647,000
Expenses	141,059,000	133,975,000
Other expense (income)	406,000	(928,000)
Interest expense	10,109,000	8,499,000
Income before taxes	$ 42,152,000	$ 43,346,000
Income taxes	16,853,000	19,206,000
Net Income	$ 25,299,000	$ 24,140,000

* Included in Costs and Expenses, Depreciation and Amortization: $11,174,000 in 1988 and $9,971,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 10,097,000	$ 2,912,000
Short-term investments	—	12,439,000
Accts. receiv., net	158,294,000	129,541,000
*Inventories	124,663,000	108,366,000
Prepaid expenses	5,195,000	3,588,000
Current Assets	$ 298,249,000	$ 256,846,000
#Fixed assets	82,396,000	73,644,000
Intangibles	37,051,000	37,936,000
Other assets	2,681,000	3,865,000
Total Assets	$ 420,377,000	$ 372,291,000

Liabilities

Notes payable	$ 7,585,000	$ 754,000
Long-term debt, curr.	2,846,000	3,795,000
Accounts payable	56,718,000	51,145,000
Customers' advances	—	6,199,000
Accrued payroll	13,938,000	11,807,000
Other accruals & payables	24,177,000	17,213,000
Inc. taxes payable	4,412,000	3,060,000
Curr. Liabilities	$ 109,676,000	$ 93,973,000

Long-term debt	123,449,000	114,896,000
Deferred credits	8,670,000	6,088,000
+Common stock:		
Class A	17,165,000	16,888,000
Class B	668,000	668,000
Add. paid-in capital	16,563,000	13,727,000
Retained earnings	144,279,000	126,434,000
Equity adjustment	(74,000)	(285,000)
Treasury stock	(19,000)	(98,000)
Total Liabilities & Shareholders' Equity	$ 420,377,000	$ 372,291,000

* Inventory of merchandise for resale and parts are stated at cost (average) or market, whichever is lower.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.49	6.13
%Net Income to Sales	3.30	3.41
%Net Income to Equity	14.17	15.34
Sales to Inventories	6.15	6.53
Debt to Equity	0.75	0.73
Working Capital	$ 188,573,000	$ 162,873,000
Current Ratio	2.72	2.73
Shareholders' Equity	$ 178,582,000	$ 157,334,000

KDI Corporation

(Went private via a leveraged buyout on December 22, 1988.)

5721 Dragon Way
Cincinnati, Ohio 45227
(513) 272-1421

Officers: Eugene A. Cafiero, chairman, president & chief exec. officer; P. Roger Byer, v.p.-finance, controller & treasurer; David A. Conway, v.p.-administration; Gordon D. Olson, v.p.; Bruce J. Crowley, dir.-marketing; Marty Curtis, asst. secretary & mgr.-shareholder relations; Kevin K. Langner, secretary & assoc. gen. counsel; Gary J. Mataitis, asst. controller-treasury services; James M. McDonough, direc.-mgmt. info services; Joseph P. Spizzica, asst. controller-financial services.

Directors: Eugene A. Cafiero, chairman; Dann V. Angeloff, Arthur R. Ehrnschwender, Vincent Ian Masterton-Hume, Paul R. Kemp, Jr., Peter F. Maloney, John S. Yeager.

Areas of Work: The Company's Electrical and Electronic Components Group manufactures and markets precision electrodeposited slip ring assemblies, and related sliding contract devices; precision transfer molding tools; radio frequency interference filters and capacitors; electrical connectors, plugs, receptacles, and power distribution devices for portable equipment; electrical interconnecting devices for the computer industry; carbon, metal and cermet film resistors including qualification and product testing; microwave hardware, subassemblies, and solid state oscillators; fuzing, safing, and arming devices for the military; and pyrotechnic signal devices and decoy flares for the military.

Other Company products and services include custom-made products, the distribution of chemicals, gases, and motion pictures, and the production of swimming pools and equipment related to swimming pools.

Electronics-Related Subsidiaries:

ELECTRICAL AND ELECTRONIC COMPONENTS GROUP

KDI Electro-Tech Corp.
Blacksburg, Virginia

I.D.M. Electronics Limited
Reading, England

Masterite Industries, Inc.
Torrance, California

KDI Electronics, Inc.
Whippany, New Jersey

RFI Corporation
Bay Shore, New York

KDI Precision Products, Inc.
Cincinnati, Ohio

Martin Electronics, Inc.
Perry, Florida

Cam-Lok, Inc.
Cincinnati, Ohio

Triangle Microwave, Inc.
East Hanover, New Jersey
Manufactures microwave components, subassemblies and subsystems.

Number of Employees:

1987	3,700	1984	3,600
1986	3,900	1983	3,200
1985	3,700		

Plant Footage:

1987	N.A.	1986	1,433,000 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 314,368,000	$ 18,778,000
1986	283,086,000	6,487,000
1985	250,687,000	9,623,000
1984	254,925,000	8,368,000
1983	201,512,000	6,797,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	9,725,028	$ 1.93
1986	9,585,466	0.68
1985	9,332,096	1.03
1984	9,124,084	0.92
1983	9,363,654	0.73

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Electrical & electronic components	$ 123,375,438	$ 107,086,482
Custom products	85,628,514	88,570,941
Swimming pools & equip.	108,552,551	90,107,736
Intercompany sales	(3,188,557)	(2,678,934)
Total	$ 314,367,946	$ 283,086,225

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.30	—	—
1986	0.27	—	
1985	0.22	—	—
1984	0.20	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 81,968,000	$ 8.45
1986	60,267,000	6.36
1985	52,320,000	5.99
1984	42,873,000	5.02
1983	34,871,000	4.22

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 314,367,946	$ 283,086,225
Cost of sales	222,057,495	206,259,920
Expenses	67,379,415	60,266,376
Interest expense	4,207,398	4,380,510
Other expense (income)	(1,245,120)	549,327
Income before taxes	$ 21,968,758	$ 11,630,092
Income taxes	9,636,000	5,519,271
Inc.-cont. oper.	$ 12,332,758	$ 6,110,821
Inc.-discont. oper.	6,445,504	375,815
Net Income	$ 18,778,262	$ 6,486,636

* Included in Costs and Expenses, Depreciation and Amortization: $6,645,154 in 1987 and $5,810,242 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 5,806,912	$ 15,083,637
Market. Secur.	2,691,145	—
Accts. receiv., net	38,700,662	34,318,734
*Inventories	49,105,641	39,230,450
Prepaid expenses	3,535,946	2,803,988
Net assets- discont. oper.	—	2,632,537
Current Assets	$ 99,840,306	$ 94,069,346
#Fixed assets	59,874,911	50,917,291
Other assets & deferred charges	3,367,426	3,601,447
Intangibles	20,364,750	—
Net assets-discont. oper.	—	1,867,987
Total Assets	$ 183,447,393	$ 150,456,071

Liabilities

Notes payable	$ 195,426	$ 4,790,000
Long-term debt, curr.	7,244,003	8,259,792
Line of credit	2,400,000	4,500,000
Accts. payable	15,905,393	15,244,617
Accrued payroll	8,444,575	7,610,172
Accrued income taxes	4,386,999	793,384
Other accruals	6,161,868	4,032,501
Deferred income taxes	—	1,490,000
Curr. Liabilities	$ 44,738,264	$ 46,720,466
Long-term debt	48,714,995	34,035,581
Contingent payment	—	2,757,450
Deferred inc. taxes	5,318,495	5,374,700
Other liabilities	2,707,568	1,301,048
+Common stock	3,393,876	3,315,622
Add. paid-in capital	39,451,916	37,481,283
Retained earnings	38,657,281	20,012,847
For. curr. trans. adjust.	464,998	(542,926)
Total Liabilities & Shareholders' Equity	$ 183,447,393	$ 150,456,071

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.35 par value.

Statistical Summary

%Net Income to Equity	22.91	10.76
Sales to Inventories	6.40	7.22
Debt to Equity	0.69	0.78
Working Capital	$ 55,102,042	$ 47,348,880
Current Ratio	2.23	2.01
Shareholders' Equity	$ 81,968,071	$ 60,266,826

Kearney-National Inc.

(Acquired by The Dyson-Kissner-Moran Corporation in September 1988.)

Five Corporate Park Drive
Suite 114
White Plains, New York 10604
(914) 694-6700

Kearney-National Inc.

Officers: Robert R. Dyson, chairman & chief executive officer; Joseph L. Aurichie, president & chief operating officer; James F. Zboyovsky, sr. v.p.; James R. Rossen, v.p. & chief financial officer.

Directors: Robert R. Dyson, Dante C. Fabiani, John C. Harding, III, Joseph V. Mariner, Jr., Lee L. Davenport, Joseph L. Aurichio.

Areas of Work: The Company's operations are conducted in two principal industry segments: Electrical Power Distribution Products -- protective devices such as fuses and fuse links, cutouts and lightning arresters; manintenance equipment, including overhead cover-up products and hi-line tools; connectors, terminators and compression fittings; and power switching equipment, switchgear and indoor and outdoor bypass equipment, as well as architectural products and aluminium lighting and traffic structures; and Electrical and Electronic Components -- electrical coils, reed switches, reed relays, mercury wetted relays, control modules, rotors, transformers, power supplies, commutation, starters, alternators, solenoids and heavy duty vehicle elements.

Divisions and Subsidiaries:

Electrical Power Distribution Products

Kearney Division
1928 Montreal Road
Tucker, Georgia 30084

Kearney-National (Canada) Ltd.
280 Speedvale Avenue West
Guelph, Ontario N1H 1C4, Canada

Hapco/American Division
Hillman Highway
Abingdon, Virginia 24210

Electrical and Electronic Components

Kearney/Wabash Components Group
7315 West Jefferson Blvd.
Fort Wayne, Indiana 46804

Magnetics Division
1375 Swan Street
Huntington, Indiana 46750

Relay & Electronics Division
First & Webster Streets
Wabash, Indiana 46992

Autoelectric Group

Wabash Autoelectric Components
1420 Forum Way South
Fort Worth, Texas 76140

International Products & Manufacturing, inc.
201 W. Oakton Street
Des Plaines, Illinois 60017

Lodi Divsion
604 Wooster St.
Lodi, Ohio 44254

Alomeg Products, Inc.
90 Milvan Drive
Weston, Ontario M9L 1Z6, Canada
Manufactures field coils for the automotive electrical rebuilding industry.

Western Power Products, Inc.
Hood River, Oregon
Manufactures fiberglass enclosures for electrical equipment.

Mini Tune, Inc.
Proudces electronic testing equipment.

Number of Employees:

1987 1,831
1986 1,752
1985 2,000

Plant Footage:

1987 . . . . 951,300 sq. ft.
1986 833,800

Sales & Earnings

	Net Sales +	Net Income
1987	$ 158,327,000	$ 7,766,000
1986	148,900,000	9,302,000
1985	140,783,000	(24,299,000)
1984	139,464,000	5,457,000
1983	118,027,000	9,414,000

	No. of Com. Shares ‡	Earn. per Share #
1987	5,672,360	$ 1.37
1986	3,413,623	1.64
1985	3,384,017	—
1984	3,414,611	0.96
1983	3,393,425	1.65

(Loss)
+ Of continuing operations only.
‡ Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Electrical & electronic components	$ 92,608,000	$ 85,613,000
Electrical power distr. prods.	65,719,000	63,287,000
Total	$ 158,327,000	$ 148,900,000

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.50	—	
1985	0.40	—	—
1984	0.38	—	—
1983	0.32	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 36,498,000	$ 6.43
1986	16,507,000 ‡	4.84
1985	9,799,000 ‡	2.90
1984	38,079,000 ‡	11.15
1983	35,906,000 ‡	10.58

‡ After allowing for preferred stock at stated value.
+ Adjusted to reflect stock split.

Income Account*
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 158,327	$ 148,900
Cost of sales	113,078	105,880
Expenses	31,503	30,638
Interest expense	1,690	2,365
Other income	(1,565)	(2,297)
Gain on term. of pension plan	—	(5,055)
Income before taxes	$ 13,621	$ 17,369
Income taxes	5,855	8,067
Net Income	$ 7,766	$ 9,302

* Included in Costs and Expenses, Depreciation and Amortization: $4,059,000 in 1987 and $3,674,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 509	$ 700
Accts. receiv, net	24,622	22,636
*Inventories	25,328	21,671
Deferred inc. tax benefits	2,483	3,030
Prepaid expenses	1,191	1,037
Current Assets	$ 54,133	$ 49,074
#Fixed assets	25,845	25,983
Other assets	3,242	3,479
Intangibles	5,286	5,219
Total Assets	$ 88,506	$ 83,755

Liabilities
(000's)

	1987	1986
Long-term debt, curr.	$ 1,870	$ 2,958
Accts. payable	15,834	16,760
Accruals	16,373	13,792
Income taxes	—	1,092
Curr. Liabilities	$ 34,077	$ 34,602
Long-term debt	13,259	11,878
Other liabilities	2,439	3,726
Def. inc. taxes	2,233	2,042
+Preferred stock	—	15,000
++Common stock	2,865	1,733
Add. paid-in capital	23,043	8,972
Retained earnings	11,552	6,955
Treasury stock	(607)	(544)
For. curr. trans. adj.	(355)	(609)
Total Liabilties & Shareholders' Equity	$ 88,506	$ 83,755

* At lower of cost (primarily FIFO) or market.
# Less accumulated deprecation.
+ No par value.
++ $0.50 par value.

Statistical Summary

	1987	1986
%Income bef. Taxes to Sales	8.60	11.66
%Net Income to Sales	4.91	6.25
%Net Income to Equity	21.28	29.52
Sales to Inventories	6.25	6.87
Debt to Equity	0.41	0.47
Working Capital	$ 20,056,000	$ 14,472,000
Current Ratio	1.59	1.42
Shareholders' Equity	$ 36,498,000	$ 31,507,000

Keithley Instruments, Inc.

28775 Aurora Road
Solon, Ohio 44139
(216) 248-0400

Officers: Joseph F. Keithley, chairman of the board; Thomas G. Brick, president & chief exec. officer; Joseph P. Keithley, vice chairman & dir.-marketing; Terrence E. Sheridan, v.p.-radiation measurements division; Frederick R. Hume, v.p.-instrument division; Bruce Griswold, secretary; Ronald M. Rebner, v.p. & chief financial officer; Wiliam C. Kabele, v.p.-systems division; Hermann Hamm, v.p.-European operations & president-Asyst Software Technologies, Inc.; Ronald Ruiz, v.p.-data acquisition & control division.

Directors: Theodore M. Alfred, Donald M. Alstadt, Thomas G. Brick, Joseph F. Keithley, Bruce Griswold, James T. Bartlett, Angel G. Jordan, Joseph P. Keithley, Arden L. Bement, Jr., Ronald M. Rebner.

Areas of Work: The Company's main product line consists of voltage, current and resistance measuring instruments; digital multimeters, electrometers, picometers, amplifiers and power supplies, and linear programmable testers for semiconductor manufacturers.

Divisions:

Radiation Measurements Division

Instrument Division
Systems Division
Data Acquisition & Control Division

All at:
28775 Aurora Road
Cleveland, Ohio 44139
(216) 248-0400

Subsidiaries:

Keithley International Investment Corporation
28775 Aurora Road
Solon, Ohio 44139
(216) 248-0400

Keithley Foreign Sales Corporation
5 Norre Gade
Charlotte Amalie
St. Thomas 00801, U.S. Virgin Islands

Keithley Instruments, SARL
3, allee des Garays
91121 Palaiseau Cedex (Paris), France

Keithley Instruments, BV
Avelingen-West 49
4202 Gorinchem (Amsterdam), The Netherlands

Keithley Instruments, S.A.
Kriesbachstrasse 4
CH-8600 Dubendorf (Zurich), Switzerland

Keithley Instruments, Ges.m.b.H.
Rosenhugelstrasse 12
1120 Vienna, Austria

Keithley Instruments, Ltd.
1 Boulton Road
Reading (London), Berkshire RG2 ONL, England

Keithley Instruments, GmbH
Heiglhofstrasse 5
D-8000 Munich 70, West Germany

Keithley Instruments SRL
Viale S. Gimignano 4/A
20146 Milan, Italy

Keithley Instruments Far East KK
ABS Building
2-4-16, Kudan Minami
Chiyoda-ku, Tokyo 102, Japan

Asyst Software Technologies, Inc.
100 Corporate Woods
Rochester, New York 14623
(716) 272-0070
Provides PC-based data acquisition and analysis software for scientific/engineering applications.

Transfer Agent(s):

AmeriTrust Company National Association
Cleveland, Ohio

Stock Exchange(s): American

Ticker Symbol: KEI

Number of Employees:

1988	579	1985	483
1987	523	1984	504
1986	479		

Plant Footage:

1988	124,140 sq. ft.	1986	124,140
1987	124,140	1985	124,140

Sales & Earnings

	Net Sales	Net Income
1988	$ 72,282,000	$ 5,414,000
1987	57,652,000	3,280,000
1986	47,681,000	2,909,000
1985	47,087,000	2,821,000
1984	45,557,000	4,205,000

	No. of Com. Shares +	Earn. per Share †
1988	3,492,350	$ 1.55
1987	3,477,497	0.97
1986	3,358,648	0.87
1985	3,344,644	0.85
1984	3,303,679	1.28

+ Adjusted to reflect stock splits.
† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1988	$ 0.2070	—	—
1987	0.1638	—	
1986	0.1476	—	—
1985	0.121	—	3-for-1
1984	0.045	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 30,517,000	$ 8.74
1987	25,577,000	7.36
1986	20,644,000	6.15
1985	17,298,000	5.17
1984	14,241,000	4.31

† Adjusted to reflect stock splits.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 72,282,000	$ 57,652,000
Cost of sales	25,810,000	22,996,000
Expenses	36,690,000	28,623,000
Amort. of intangibles	1,364,000	711,000
Interest expense	214,000	113,000
Income before taxes	$ 8,204,000	$ 5,209,000
Income taxes	2,790,000	1,929,000
Net Income	$ 5,414,000	$ 3,280,000

* Included in Costs and Expenses, Depreciation: $1,743,000 in 1988 and $1,486,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 3,839,000	$ 5,566,000
Short-term invest.	2,028,000	—
Accts. receiv., net	11,285,000	10,956,000
*Inventories	10,587,000	9,220,000
Prepaid inc. taxes	2,123,000	1,816,000
Prepaid expenses	689,000	735,000
Current Assets	$ 30,551,000	$ 28,293,000
#Fixed Assets	7,642,000	6,977,000
Intangibles	7,023,000	8,387,000
Other assets	1,386,000	611,000
Total Assets	$ 46,602,000	$ 44,268,000

Liabilities

Short-term debt & long-term debt, curr.	$ 354,000	$ 3,914,000
Accts. payable	3,356,000	3,124,000
Accrued pay. & other exp.	4,295,000	3,420,000
Other accruals	2,454,000	1,655,000
Income taxes	2,451,000	2,876,000
Curr. Liabilities	$ 12,910,000	$ 14,989,000
Long-term debt	1,673,000	1,859,000
Other liabilities	1,336,000	1,128,000
Deferred inc. taxes	165,000	715,000
+Common stock:		
Class A	94,000	87,000
Class B	81,000	87,000
Add. paid-in capital	3,038,000	2,927,000
Retained earnings	26,590,000	21,539,000
Foreign curr. transl.	715,000	967,000
Unamort. portion of stock plan exp.	—	(30,000)
Total Liabilities & Shareholders' Equity	$ 46,602,000	$ 44,268,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.05 stated value.

Statistical Summary

%Income bef. Taxes to Sales	11.35	9.04
%Net Income to Sales	7.49	5.69
%Net Income to Equity	17.74	12.82
Sales to Inventories	6.83	6.25
Debt to Equity	0.07	0.23
Working Capital	$ 17,641,000	$ 13,304,000
Current Ratio	2.37	1.89
Shareholders' Equity	$ 30,518,000	$ 25,577,000

Keltron Corporation

225 Crescent Street
Waltham, Massachusetts 02154
(617) 894-8700

Officers: David S. Wilbourn, chief executive officer & treasurer; Harvey M. Fox, president; Jack H. Calechman, clerk.

Directors: David S. Wilbourn, chairman; John A. Geishecker, Jr., Harvey M. Fox, Jason Weisman.

Areas of Work: Manufactures and markets digital instruments, power supplies and security alarm systems.

Divisions:

Elasco Power Supply
Manufactures transformers and other power supplies.

Transfer Agent(s):

Keltron Corporation
225 Crescent Street
Waltham, Massachusetts 02154

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	170	1985	235
1987	155	1984	275
1986	170		

Plant Footage:

1988	65,000 sq. ft.	1985	70,000
1987	65,000	1984	74,000
1986	65,000		

Sales & Earnings

	Revenues	Net Income
1988	$ 7,931,663	$ (39,671)
1987	7,260,447	(2,284)
1986	7,387,575	(54,274)
1985	8,876,393	(92,596)
1984	9,694,423	36,053

	No. of Com. Shares	Earn. per Share ‡
1988	841,810	$ —
1987	841,810	—
1986	841,810	—
1985	841,810	—
1984	841,810	0.04

(Loss)
‡ Based on the weighted average number of common shares outstanding.

Revenues by Line of Business

	1988	1987	1986	1985
Digital Instruments	23 %	30 %	26 %	25 %
Power Supplies	77	70	74	75
Total	100 %	100 %	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 1,646,915	$ 1.96
1987	1,686,586	2.00
1986	1,688,870	2.01
1985	1,743,144	2.07
1984	1,853,790	2.20

Income Account

Year ended Dec. 31	1988	1987
Net sales	$ 7,905,404	$ 7,207,684
Rental income	17,300	26,075
Other income	8,959	26,688
Total income	$ 7,931,663	$ 7,260,447
Cost of sales	6,138,587	5,441,091
Expenses	1,483,519	1,407,171
Depreciation & amortization	160,721	238,526
Interest expense	154,493	124,843
Prior year adjust.	22,000	44,000
State inc. taxes	12,014	7,100
Net Loss	$ (39,671)	$ (2,284)

Assets

As of Dec. 31	1988	1987
Cash	$ 22,462	$ 29,048
Marketable securities	39,947	39,053
Accts. receiv., net	1,207,974	1,208,593
Note receiv.	—	7,850
Other accts. receiv.	44,875	49,283
*Inventories	2,321,542	2,345,158
Prepaid expenses	10,200	4,625
Current Assets	$ 3,647,000	$ 3,683,610
#Fixed assets	240,214	300,185
Note receivable	—	368,211
Other assets	53,075	53,075
Total Assets	$ 3,940,289	$ 4,405,081

Liabilities

Notes payable	$ 1,050,126	$ 1,165,343
Long-term debt, curr.	161,420	373,503
Accts. payable	736,185	794,684
Accruals	153,593	102,590
Commissions payable	79,163	48,506
Income taxes	—	7,100
Curr. Liabilities	$ 2,180,487	$ 2,491,726
Long-term debt	112,887	226,769
+Common stock	8,418	8,418
Add. paid-in capital	405,172	405,172
Retained earnings	1,233,325	1,272,996
Total Liabilities & Shareholders' Equity	$ 3,940,289	$ 4,405,081

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	3.41	3.07
Debt to Equity	0.80	1.05
Working Capital	$ 1,466,513	$ 1,191,884
Current Ratio	1.67	1.48
Shareholders' Equity	$ 1,646,915	$ 1,686,586

Kevlin Microwave Corporation

26 Conn Street
Woburn, Massachusetts 01801
(617) 935-4800

Officers: James S. Galbraith, chairman emeritus; Ernest W. Lattanzi, chairman, treasurer & chief executive officer; John J. Moran, v.p. & clerk; E. Joseph Simmons, president & chief operating officer; John F. Rice, v.p.

Directors: James S. Galbraith, chairman emeritus; Ernest W. Lattanzi, chairman; John J. Moran, David Harkins, Bernard Plansky, Arthur C. Williams.

Areas of Work: Manufactures microwave rotary couplers, microwave connectors, ferrite components, and associated devices. The company's major product, microwave rotary couplers, allows microwave signals to travel between the stationary portion and the antenna or rotating portion of the system, without materially affecting the quality of the microwave signal.

Subsidiary:

Kevlin International, Inc.
Foreign Sales Corporation.

Transfer Agent(s):

Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KVLM (NASDAQ)

Number of Employees:

1988	100
1987	94
1986	95
1985	115
1984	104

Plant Footage:

1988	30,000 sq. ft.
1987	30,000
1986	30,000
1985	30,000
1984	30,000

Sales & Earnings

	Net Sales	Net Income
1988	$ 7,812,707	$ 55,401
1987	5,873,021	25,644
1986	8,310,213	646,378
1985	8,839,837	980,420
1984	7,517,663	785,154

	No. of Com. Shares #	Earn per Share #
1988	2,594,367	$ 0.02
1987	2,590,101	0.01
1986	2,618,857	0.25
1985	2,606,155	0.38
1984	2,500,720	0.31

# Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 6,245,366	$ 2.40
1987	6,150,815	2.42
1986	6,079,129	2.44
1985	5,348,093	2.19
1984	4,387,697	1.86

Income Account *

Year ended May 31	1988	1987
Net sales	$ 7,812,707	$ 5,873,021
Cost of sales	6,167,404	4,257,778
Expenses	1,690,613	1,718,825
Interest income	(111,750)	(146,103)
Other expense	5,727	28,676
Income before taxes	$ 60,713	$ 13,845
Income taxes (credit)	5,312	(11,799)
Net Income	$ 55,401	$ 25,644

* Included in Costs and Expenses, Depreciation: $416,761 in 1987 and $395,319 in 1986.

Assets

As of May 31	1988	1987
Cash	$ 2,445,355	$ 2,040,315
Accts. receiv., net	1,569,813	1,206,599
* Inventories	1,267,759	1,414,014
Costs in exc. of billings on uncomp. contracts	1,053,921	947,216
Refund. inc. taxes	216,411	228,702
Prepaid expenses	142,414	72,674
Current Assets	$ 6,695,673	$ 5,909,520
# Fixed Assets	1,168,536	1,388,115
Total Assets	$ 7,864,209	$ 7,297,635

Liabilities

Accts. payable	$ 356,720	$ 149,110
Billings in exc. of costs on uncomp. cont.	227,338	109,622
Accruals	572,562	384,158
Income taxes	74,115	—
Deferred inc. taxes	85,872	184,454
Obligation under capital lease, curr.	22,935	28,746
Curr. Liabilities	$ 1,339,542	$ 856,090
Deferred income taxes	279,301	267,795
Oblig. under capital lease	—	22,935
+ Common stock	290,388	284,638
Add. paid-in capital	1,793,793	1,745,993
Retained earnings	4,652,697	4,597,296
Treasury stock	(491,512)	(477,112)
Total Liabilities & Shareholders' Equity	$ 7,864,209	$ 7,297,635

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales		0.78		0.24
%Net Income to Sales		0.71		0.44
%Net Income to Equity		0.89		0.42
Debt to Equity		—		0.01
Working Capital	$	5,356,131	$	5,053,430
Current Ratio		5.00		6.90
Shareholders' Equity	$	6,245,366	$	6,150,815

KLA Instruments Corporation

2051 Mission College Boulevard
P.O. Box 58016
Santa Clara, California 95052
(408) 988-6100

Officers: Kenneth Levy, president & chief exec. officer; Robert R. Anderson, chairman; Robert J. Boehlke, sr. v.p.; Paul Sandland, v.p.-Advanced Development; Kenneth L. Schroeder, sr. v.p.; John C. Bolger, v.p.-finance & administration; John W. Mathews, v.p. & gen. mgr.-KLASIC Division; Paul Kreutz, secretary.

Directors: Robert R. Anderson, chairman of the board; Leo J. Chamberlain, Kenneth Levy, Robert E. Lorenzini, Samuel Rubinovitz, Dag Tellefsen.

Areas of Work: Designs, manufactures, markets and services computer-based systems that are used to automate optical testing and inspection to control manufacture of very large scale intergrated (VLSI) circuits. These automated image analysis systems combine advanced optical technology with custom, high-speed digital electronics and proprietary software in replacing the human eye-brain recognition and interpretation traditionally used for optical inspection and testing.

Divisions and Subsidiaries:

Reticle and Photomask Inspection Division

Wafer Inspection (WISARD) Division

Automated Test Systems (ATS) Division

KLA Scanning Inspection, and Classification (KLASIC) Division

KLA Instruments Limited
2 Weller Drive
Hogwood Lane Industrial Estate
Wokingham, Berkshire RG11 4QZ England
44-734-730600

KLA Instruments GmbH
Leonrodstr. 58
D-8000
Munich 19, West Germany
49-89-18-2075

KLA Japan Technology Center, Ltd.
KLA/TEL Japan Division
Endo Daini Building
1-31-11 Akebono-Cho
Tachikawa-City, Tokyo 190, Japan
81-425-23-2181

KLA Instruments-Israel
Science Avenue
North Industrial Center
P.O. Box 143
Migdal Ha'Emek 10500, Israel
972-65-42987

KLA Instruments S.A.
25 Rue Michael Faraday
78180 Montigny-Le-Bretonneux
France
33-1304-53003

Transfer Agent(s):

First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KLAC (NASDAQ)

Number of Employees:

1988	N.A.	1986	614
1987	647		

Plant Footage:

1988	N.A.	1986	162,000
1987	159,300 sq. ft.		

N.A. - Not Available.

Sales & Earnings

		Net Sales		Net Income
1988	$	112,851,000	$	8,827,000
1987		88,194,000		7,489,000
1986		82,526,000		9,854,000
1985		62,878,000		8,802,000
1984		42,873,000		5,664,000

	No. of Com. Shares		Earn. per Share ‡
1988	17,711,000	$	0.49
1987	17,425,895		0.42
1986	17,044,217		0.56
1985	16,852,874		0.50
1984	16,657,425		0.35

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

		Total Equity		Equity Per Share
1988	$	97,464,000	$	5.50
1987		87,045,000		5.00
1986		75,596,000		4.44
1985		62,641,000		3.72
1984		52,439,000		3.15

Income Account *

Year ended June 30		1988		1987
Net sales	$	112,851	$	88,194
Cost of sales		67,269		51,076
Expenses		33,351		23,579
Interest income		(1,645)		(2,738)
Provision for inventory		—		3,500
Income before taxes	$	13,876	$	12,777
Income taxes		5,049		5,288
Net Income	$	8,827	$	7,489

* Included in Costs and Expenses, Depreciation and Amortization: $4,670,000 in 1988 and $3,725,000 in 1987.

Assets
(000's)

As of June 30		1988		1987
Cash & cash equiv.	$	5,547	$	15,248
Marketable securities		18,861		10,605
Accts. receiv., net		40,819		23,216
*Inventories		36,717		29,172
Other curr. assets		1,879		1,326
Current Assets	$	103,823	$	79,567
#Fixed assets		14,590		8,408
Market. securities		4,048		19,535
Other assets		12,164		7,988
Total Assets	$	134,625	$	115,498

Liabilities
(000's)

Accts. payable	$	13,268	$	3,748
Accrued compens.		6,967		4,163
Accrued warranty		2,561		1,878
Unearned contract revenue		580		2,857
Income taxes		2,494		3,549
Deferred inc. taxes		1,726		1,804
Other curr. liab.		3,881		6,758
Curr. Liabilities	$	31,477	$	24,757
Deferred inc. taxes		5,684		3,696
+Common stock		18		17
Add. paid-in capital		50,253		47,801
Retained earnings		46,463		37,636
Cum. trans. adj.		1,191		1,591
Notes receiv.-shareholders		(461)		—
Total Liabilities & Shareholders' Equity	$	134,625	$	115,498

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.001 par value.

Statistical Summary

%Income bef. Taxes to Sales		12.30		14.49
%Net Income to Sales		7.82		8.49
%Net Income to Equity		9.06		8.60
Sales to Inventories		3.07		3.02
Working Capital	$	72,346,000	$	54,810,000
Current Ratio		3.30		3.21
Shareholders' Equity	$	97,464,000	$	87,045,000

KMS Industries, Inc.

3621 South State
P.O. Box 1778
Ann Arbor, Michigan 48106-1778
(313) 769-1100

Officers: Patrick B. Long, chairman, president & chief exec. officer; Terence C. Liddy, corp. secretary & sr. v.p.-KMS Fusion.

Directors: Patrick B. Long, chairman; Robert A. Carrane, Terence C. Liddy, Thomas P. Stafford, James C. Bard, Charles K. Ligon, Ned C. Lautenbach, .

Areas of Work: An advanced technology company with scientific and engineering capabilities in aerospace, advanced products, diagnostic instrumentation, and laser fusion energy research. Current products include fiber optic sensors used to detect shock waves and ballistic impact; x-ray measurement and recording systems and devices; and a video multiplexer which allows several computers to feed output to one printer.

Subsidiary:

KMS Fusion, Inc.

Transfer Agent(s):

American Stock Transfer and Trust Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KMSI (NASDAQ).

Number of Employees:

1988	237	1986	229
1987	216		

Sales & Earnings

	Net Sales	Net Income
1988	$ 21,776,000	$ 801,000
1987	19,736,000	108,000
1986	19,696,000	909,000
1985	17,672,000	1,005,000
1984	14,153,000	891,000

	No. of Com. Shares +	Earn. per Share ‡
1988	2,478,000	$ 0.32
1987	2,691,000	0.06
1986	1,968,000	0.46
1985	1,967,000	0.51
1984	1,702,000	0.50

+ Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.03	—	—
1987	—	—	

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 6,261,000	$ 2.53
1987	5,591,000	2.08
1986	5,519,000	2.80
1985	4,597,000	2.34
1984	4,805,000	2.82

‡ Adjusted to reflect stock split.

Income Account*

Year ended Dec. 31	1988	1987
Revenues	$ 21,775,875	$ 19,736,174
Interest income	299,147	237,890
Other income	6,106	98,305
Total income	$ 22,081,128	$ 20,072,369
Cost of sales	15,664,322	14,310,524
Expenses	4,709,688	4,666,524
Independ. res & develop.	903,263	960,941
Interest expense	2,604	26,264
Net Income	$ 801,251	$ 108,116

* Included in Costs and Expenses, Depreciation and Amortization: $408,441 in 1988 and $617,402 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 351,250	$ 3,359,270
U.S. Treasury Notes	3,990,313	1,450,925
Accts. receiv., net	4,002,222	3,758,470
*Inventories	564,075	389,480
Other curr. assets	209,846	127,716
Current Assets	$ 9,117,706	$ 9,085,861
#Fixed assets	1,040,685	881,847
Intangibles	24,457	27,522
Other assets	2,000	1,901
Total Assets	$ 10,184,848	$ 9,997,131

Liabilities

Long-term debt, curr.	$ 400,000	$ 625,000
Accts. payable	1,244,093	1,112,873
Accrued compensation	876,775	807,166
Other acccruals	298,822	214,685
Curr. Liabilities	$ 2,819,690	$ 2,759,724
Emp. stock plan-bank loan	1,100,000	1,600,000
Long-term debt	4,564	46,589
+ Common stock	198,248	215,256
Add. paid-in capital	29,160,597	29,650,865
Accumulated deficit	(21,548,251)	(22,275,303)
Emp. stock plan shares purch. with debt	(1,500,000)	(2,000,000)
Amt. due from officers on sale of stock	(50,000)	—
Total Liabilities & Shareholders' Equity	$ 10,184,848	$ 9,997,131

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.08 par value.

Statistical Summary

% Net Income to Revenues	3.63	0.54
% Net Income to Equity	12.80	1.93
Debt to Equity	0.06	0.12
Working Capital	$ 6,298,016	$ 6,326,137
Current Ratio	3.23	3.29
Shareholders' Equity	$ 6,260,594	$ 5,590,818

KMW Systems Corporation

100 Shepherd Mountain Plaza
6034 West Courtyard
Austin, Texas 78730
(512) 338-3000

Officers: Richard A. Wells, chairman, president & chief exec. officer; Harry D. Keirns, exec. v.p.; Thomas G. Allen, sr. v.p.; R. Gerald Martin, sr. v.p.; Ronald L. Dorst, sr. v.p.; Byron D. Couch, sr. v.p & chief financial officer.

Directors: Richard A. Wells, chairman; Harry D. Keirns, Dale M. Mosier, John R. Muse, R. Clarke Heidrick, Jr., Frank W. McBee, Jr..

Area of Work: Manufactures electronic systems and equipment for the transmission and processing of computer data, including graphics controllers, protocol converters, and channel interfaces.

Subsidiaries:

KMW Systems International, Ltd.
Falcon Way, Off Central Way
North Feltham Trading Estate
Middlesex, TW14 OXQ, England

Transfer Agent(s):

Texas American Bank/Dallas
P.O. Box 35207
Dallas, Texas 75235

Stock Exchange(s): American, Pacific

Ticker Symbol: KMW

Number of Employees:

1988	153	1985	130
1987	155	1984	72
1986	139		

Plant Footage:

1988	48,000 sq. ft.	1986	48,000
1987	48,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 18,192,000	$ 15,517,000
1987	15,517,000	827.000
1986	14,330,000	1,101,000
1985	9,867,000	811,000
1984	6,358,000	757,000

	No. of Com. Shares	Earn. per Share‡
1988	2,230,435	$ 0.08
1987	2,204,534	0.38
1986	2,169,260	0.51
1985	1,426,844	0.38
1984	1,400,587	0.38

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 8,424,000	$ 3.78
1987	8,137,000	3.69
1986	7,199,000	3.32
1985	5,861,000	2.74
1984	4,738,000	2.25

‡ Adjusted to reflect stock split.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 18,192,113	$ 15,516,775
Cost of sales	8,173,060	5,783,466
Expenses	9,812,085	8,687,368
Interest expense	19,870	89,737
Other expense (income)	(22,912)	18,098
Income before taxes	$ 210,010	$ 938,106
Income taxes	29,000	110,671
Net Income	$ 181,010	$ 827,435

* Included in Costs and Expenses, Depreciation and Amortization: $1,318,771 in 1988 and $691,733 in 1987.

Assets

As of June 30	1988	1987
Cash & cash equiv.	$ 481,530	$ 1,211,515
Accts. receiv., net	3,979,745	3,567,561
*Inventories	2,642,639	3,400,540
Prepaid expenses	182,799	574,852
Current Assets	$ 7,286,713	$ 8,754,468
#Fixed assets	2,070,898	2,074,564
Technology	976,542	1,395,470
Intangibles	381,503	376,205
Software develop. costs	299,463	309,463
Other assets	472,793	315,007
Total Assets	$ 11,487,912	$ 13,225,177

Liabilities

Notes payable	$ 450,000	$ 909,000
Long-term debt, curr.	—	773,198
Accts. payable	860,524	754,836
Accruals	575,136	302,095
Income taxes	428,870	787,633
Deferred inc. taxes	—	129,390
Curr. Liabilities	$ 2,314,530	$ 3,656,152

Long-term debt	—	943,269
Deferred inc. taxes	210,000	309,106
Accrued rent	539,136	179,712
+ Common stock	223,043	220,453
Add. paid-in capital	3,398,471	3,359,620
Retained earnings	4,542,039	4,361,029
For. curr. trans. adjust.	260,693	195,836
Total Liabilities & Shareholders' Equity	$ 11,487,912	$ 13,225,177

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	1.15	6.05
%Net Income to Sales	0.99	5.33
%Net Income to Equity	2.15	10.17
Sales to Inventories	6	4.23
Debt to Equity	6.88	0.32
Working Capital	$ 4,972,183	$ 5,366,941
Current Ratio	3.15	2.47
Shareholders' Equity	$ 8,424,246	$ 8,136,938

Knogo Corporation

350 Wireless Boulevard
Hauppauge, New York 11788
(516) 232-2100

Officers: Arthur J. Minasy, chairman & president; James R. Dellomo, v.p.-finance, secretary & treasurer; Michael Cooper, v.p.-engineering; Michael Trentacosti, v.p.-operations; Neil A. Smith, v.p.-international; Thomas A. Nicolette, v.p. & gen. mgr.-Knogo North America; Frederick Cicchetti, v.p.-training/support services; Joan E. Miller, corp. controller; Peter Zhou, v.p.-research; Michel Boigelot, v.p.-European sales; Karen Hatgis, asst. secretary; Peter J. Mundy, corp. controller.

Directors: Arthur J. Minasy, James R. Dellomo, William A. Perlmuth, Neil A. Smith, Thomas A. Nicolette, Robert E. Vandermark, Frank M. Corso.

Areas of Work: Engaged in the design, manufacture, marketing and service of electronic article surveillance systems primarily used to detect and deter shoplifting. The Swept RF and Dual RF systems, using radio signals, are primarily used in retail clothing stores. The MM (micro-magnetic) system, which uses very low-frequency electromagnetic signals, protects hardgoods in a variety of retail establishments such as bookstores, supermarkets, drugstores, shoe stores and sporting goods stores and is used in museums, libraries and hospitals. The Company also provides retailers with modular close-circuit video systems to prevent internally caused shrinkage.

Manufacturing Subsidiaries:

Knogo S.A.
Zoning Industriel
Route de Wallonie
7410 Mons (Ghlin), Belgium
International headquarters.

Knogo Caribe, Inc.
Road No. 172, KM 9.5
Cidra 00639 Puerto Rico
(809) 739-7411

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: KNO

Number of Employees:

1989	698	1986	597
1988	651	1985	429
1987	626		

Plant Footage:

1989	213,000 sq. ft.	1986	145,500
1988	199,000	1985	115,000
1987	199,000		

Sales & Earnings

	Revenues *	Net Income
1989	$ 59,145,000	$ 3,356,000
1988	46,722,000	1,067,000
1987	46,280,000	7,158,000
1986	36,006,000	5,803,000
1985	30,738,000	4,410,000

	No. of Com. Shares	Earn. per Share #
1989	5,167,774	$ 0.65
1988	5,153,941	0.16
1987	6,708,579	1.05
1986	6,673,709	1.19
1985	4,725,933	0.92

* Includes lease rentals and other income.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 69,155,000	$ 13.38
1988	70,630,000	13.70
1987	94,389,000	14.07
1986	79,317,000	11.88
1985	30,094,000	6.37

Income Account

Year ended	2/28/89	2/29/88
Net sales & other income	$ 48,854,300	$ 38,091,800
Lease rental & other	10,290,500	8,630,500
Total income	$ 59,144,800	$ 46,722,300
Cost of sales	20,608,100	17,810,200
Expenses	28,624,300	24,964,200
Depreciation & amortization	4,820,300	3,664,400
Interest expense (income)	1,138,200	(370,600)
For. curr. trans.	(521,300)	(970,900)
Inc. bef. taxes	$ 4,475,200	$ 1,625,000
Income taxes	1,118,800	558,000
Net Income	$ 3,356,400	$ 1,067,000

Assets

As of	2/28/89	2/29/88
Cash & cash equiv.	$ 21,144,100	$ 7,144,100
Accts. receiv., net	25,175,300	21,414,100
*Security devices	29,563,300	29,783,400
Investments in sales-type leases	9,853,100	8,708,200
#Fixed assets	23,133,500	21,595,500
Intangibles	1,400,800	654,700
Defer. charges	177,500	338,400
Other assets	7,374,300	8,021,300
Total Assets	$ 117,821,900	$ 97,659,700

Liabilities

Notes payable	$ 36,514,100	$ 12,032,000
Accts. payable	3,681,300	4,512,400
Accruals	3,910,100	5,010,100
Income taxes	1,093,000	2,938,300
Deferred lease rentals	2,078,000	1,673,700
Deferred inc. taxes	1,390,000	863,300
+Common stock	51,700	51,500
Add. paid-in capital	34,340,600	34,238,500
Retained earnings	25,619,700	23,811,100
Unamort. deferred comp.	(552,600)	(742,700)
Foreign curr. trans. adj.	9,696,000	13,271,500
Total Liabilities & Shareholders' Equity	$ 117,821,900	$ 97,659,700

* At cost (FIFO) which is not in excess of replacement value.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	7.57	4.27
%Net Income to Revenues	5.67	2.80
%Net Income to Equity	4.85	1.51
Debt to Equity	0.53	0.17
Shareholders' Equity	$ 69,155,400	$ 70,629,900

Kollmorgen Corporation

Management Center
66 Gate House Road
Stamford, Connecticut 06902
(203) 327-7222

Kollmorgen Corporation
Administrative Center
10 Mill Pond Lane
Simsbury, Connecticut 06070
(203) 651-3757

Officers: Robert L. Swiggett, chairman of the board; James E. Swiggett, president & chief executive officer; George P. Stephan, vice-chairman; Allan M. Doyle, Jr., vice chairman & chairman-Mgmt. Board of Electro-Optical Division; Kenneth A. Miller, president-Photo Research Division; James G. Davidson, president-Macbeth Division; Karl A. Egerer, sr. v.p.-patents & technology; Edwin M. Felske, v.p., chief financial officer & chairman-Mgmt. Board of Proto-Power Corp.; Donald S. Fischer, v.p.; W. W. Griggs, president-Industrial Drives Division; John L. Helm, president-Proto-Power Corporation; Joseph R. Hoyt, v.p. & chairman-Mgmt. Board of Motors and Controls Divisions; Thomas J. Gullo, president-Additive Products Division; Pierre Tardieu, president-Artus, S.A.; James P. Thompson, treasurer; Thomas J. Sarnowski, president-PCK Technology Division; John L. Youngblood, president-Electro-Optical Division; Jack R. Walnes, v.p. & chairman-Mgmt. Board of Electronic Interconnections Division; Robert N. Williams, v.p.; Robert J. Bollo, controller & chief accounting officer; James A. Eder, secretary & assoc. gen. counsel; Donald Borod, v.p. & gen. counsel; Joseph T. Colvin, president-Inland Motor Division; Seamus O'Sullivan, chairman-Kollmorgen (Ireland) Limited; Ronald G. Anderson, president-Kollmorgen Instruments Corporation; William Schneider, president-Optronic Laboratories, Inc.; Joseph R. Hoyt, president-PMI Motion Technologies Division.

Directors: Robert W. Bjork, W. D. Dance, Allan M. Doyle, Jr.*, Townsend Hornor, John D. Maxwell, Jr., A. J. Powers, Jr., John A. Diaz, Richard Rachals, Robert L. Swiggett*, George P. Stephan*, James E. Swiggett*.

* Member of the Executive Committee

Areas of Work: Engaged in the development, manufacture and marketing of electronic interconnection boards, special direct current motor and control systems, color and photometry systems and equipment, and electro-optical systems.

Divisions and Subsidiaries:

Additive Products Division
Riverhead, New York 11931
(516) 722-4100

Electro-Optical Division
347 King Street
Northampton, Massachusetts 01060
(413) 586-2330

Industrial Drives Division
201 Rock Road
Radford, Virginia 24141
(703) 639-2495

Inland Motor Division
501 First Street
Radford, Virginia 24141
(703) 639-3973

Kollmorgen Instruments Corporation
Simsbury, Connecticut 06070

Macbeth Division
P.O. Box 950
Newburgh, New York 12550
(914) 565-7660

PMI Motion Technologies Division
Commack, New York
(516) 864-1000

Multiwire Division
Hicksville, New York
(516) 933-8300

PCK Technology Division
322 LIE South Service Road
Melville, New York 11747
(516) 454-4400

Photo Research Division
Chatsworth, California 91311
(818) 341-5151

Optronic Laboratories, Inc.
Orlando, Florida

Kollmorgen Overseas Development Corporation
Wilmington, Delaware

Artus S.A.
Angers, France

Kollmorgen (Ireland) Limited
Ennis, Ireland

Kollmorgen International Finance N.V.
Curacao, Netherlands Antilles

Kollmorgen Foreign Sales Corporation
St. Croix, Virgin Islands

Proto-Power Corporation
Groton, Connecticut

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: KOL

Number of Employees:

1988	3,900
1987	3,900
1986	4,100
1985	5,000
1984	5,400

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1988	$ 344,787,000	$ 14,080,000
1987	301,010,000	285,000
1986	319,164,000	(19,947,000)
1985	310,982,000	(6,366,000)
1984	326,200,000	10,756,000

	No. of Com. Shares #	Earn. per Share †
1988	10,620,305	$ 1.34
1987	10,388,101	0.03
1986	10,164,836	—
1985	9,952,992	—
1984	10,067,512	1.08

(Loss)
# Based on the average number of shares outstanding.
† Based on the weighted average number of common stock and common stock equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Motors & controls	$ 128,079	$ 118,908
Electro-optical instruments	119,490	103,676
Electronic interconnections	97,218	78,426
Total	$ 344,787	$ 301,010

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.32	—	—
1987	0.32	—	
1986	0.32	—	—
1985	0.32	—	—
1984	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 89,039,000	$ 8.50
1987	77,519,000	7.46
1986	79,398,000	7.70
1985	99,635,000	9.90
1984	106,153,000	10.71

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 344,787	$ 301,010
Cost of sales	234,065	215,292
Expenses:		
Selling	31,967	30,861
Gen. & adm.	41,711	37,098
Res. & develop.	14,453	14,179
Other expenses	5,161	2,715
Income bef. taxes	$ 17,430	$ 865
Income taxes	3,350	580
Net Income	$ 14,080	$ 285

* Included in Costs and Expenses, Depreciation and Amortization: $13,489,000 in 1988 and $13,978,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term invest.	$ 4,218	$ 2,978
Receiv., net	68,143	56,571
Receiv. on contracts	23,827	19,169
*Inventories	43,184	37,471
Prepaid expenses	3,188	3,320
Current Assets	$ 142,560	$ 119,509
# Fixed assets	59,605	59,120
Other assets & intangibles	21,372	17,529
Total Assets	$ 223,537	$ 196,158

Liabilities
(000's)

Notes payable	$ 6,839	$ 397
Long-term debt, curr.	1,205	1,371
Accts. payable	31,140	26,665
Accruals	27,036	23,311
Income taxes	542	—
Curr. Liabilities	$ 66,762	$ 51,744
Long-term debt	64,768	63,107
Deferred credits	1,614	2,426
Deferred inc. taxes	1,354	1,362
+ Common stock	26,184	25,988
Add. paid-in capital	27,944	27,263
Retained earnings	35,639	24,955
For. curr. trans. adj.	(728)	(687)
Total Liabilities & Shareholders' Equity	$ 223,537	$ 196,158

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.06	0.29
%Net Income to Sales	4.08	0.09
%Net Income to Equity	15.81	0.37
Sales to Inventories	7.98	8.03
Debt to Equity	0.82	0.81
Working Capital	$ 75,798,000	$ 67,765,000
Current Ratio	2.14	2.31
Shareholders' Equity	$ 89,039,000	$ 77,519,000

Koss Corporation

4129 N. Port Washington Avenue
Milwaukee, Wisconsin 53212-1029
(414) 964-5000

Officers: John C. Koss, chairman of the board & chief executive officer; Michael J. Koss, president & chief operating officer; Robert W.A. Joynt, v.p. & pres.-Koss Ltd. (Canada); John C. Koss, Jr., v.p.-sales; Daniel Esposito, v.p.-corp. systems; Michael F. Moore, v.p., secretary & general counsel.

Directors: John C. Koss, chairman; Lawrence S. Mattson, Brooks S. Stevens, James L. Dorman, Michael J. Koss, John J. Stollenwerk, Thomas L. Doerr, Victor L. Hunter, Martin F. Stein.

Areas of Work: Designs, manufactures and markets stereo headphones, audio/video loudspeakers, and related accessories.

Subsidiary:

Koss Limited
4112-4114 South Service Road
Burlington, Ontario, Canada

Transfer Agent(s):

First Wisconsin Trust Company
Box 2077
Milwaukee, Wisconsin 53201

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KOSS (NASDAQ)

Number of Employees:

1988	200
1987	200
1986	150
1985	245

Plant Footage:

1988	N.A.
1987	125,000 sq. ft.
1986	125,000
1985	161,000

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 27,473,783	$ 1,820,877.
1987	21,321,532	1,820,877
1986	13,854,860	6,273,260
1985	15,888,815	(8,642,315)
1984	18,077,925	(5,945,291)

	No. of Com. Shares ‡	Earn. per Share † ‡
1987	4,809,638	$ 0.38
1988	4,333,498	0.63
1986	4,227,001	1.48
1985	3,485,736	—
1984	3,498,601	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $2,333,556 ($0.09 per share) in 1988, $411,000 ($0.09 per share) in 1987 and $5,045,784 ($1.19 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	0.04	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 6,609,913	$ 1.10
1987	4,760,165	0.99
1986	3,218,489	0.76
1985	(4,412,608)	—
1984	4,239,430	1.21

(Deficiency)
‡ Based on the weighted number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 27,473,783	$ 21,321,532
Cost of sales	17,039,694	12,547,871
Expenses	6,531,087	6,354,195
Interest expense	248,255	141,928
Interest income	(17,069)	(39,421)
Gain on sale of invest.	(163,877)	—
Plant closing expenses	(164,863)	(432,918)
Income bef. taxes	$ 4,000,556	$ 2,749,877
Income taxes	1,667,000	1,340,000
Net Income	$ 2,333,556	$ 1,409,877
Extraord. gain	379,000	411,000
Net Income & extraord. gain	$ 2,712,556	$ 1,820,877

* Included in Costs and Expenses, Depreciation and Amortization: $365,896 in 1987 and $398,075 in 1986.

Assets

As of June 30	1988	1987
Cash	$ 114,016	$ 261,310
Accts. receiv., net	4,645,284	4,016,685
*Inventories	6,304,396	4,405,771
Prepaid expenses	138,454	79,032
Current Assets	$ 11,202,150	$ 8,762,798
# Fixed assets	1,678,668	1,259,158
Other assets	85,853	116,943
Total Assets	$ 12,966,671	$ 10,138,899

Liabilities

Notes payable & long-term debt, curr.	$ 337,854	$ 111,603
Accts. payable	1,352,344	1,260,113
Accruals	1,476,178	1,643,641
Income taxes	188,003	496,491
Curr. Liabilities	$ 3,354,379	$ 3,511,848
Long-term debt	2,381,379	1,403,886
Def. inc. taxes	621,000	463,000
+ Common stock	37,124	43,469
Add. paid-in capital	1,473,608	2,079,950
Cum. trans. adjust.	19,221	(55,658)
Ret. earnings	5,079,960	2,692,404
Total Liabilities & Shareholders' Equity	$ 12,966,671	$ 10,138,899

* At lower of cost or market. 78% at LIFO; remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.56	12.90
%Net Income to Sales	8.49	6.61
%Net Income to Equity	35.30	29.62
Sales to Inventories	4.36	4.84
Debt to Equity	0.41	0.32
Working Capital	$ 7,847,771	$ 5,250,950
Current Ratio	3.34	2.50
Shareholders' Equity	$ 6,609,913	$ 4,760,165

KRUG International Corp.

(Formerly Technology Incorporated)

6 Gem Plaza, Suite 500
Dayton, Ohio 45402-1908
(513) 224-9066

Officers: Maurice F. Krug, chairman of the board & chief executive officer; Philip L. Fondy, president & chief operating officer; J. Richard Swanson, v.p.-finance & treasurer; Evelyn B. Walker, asst. treasurer; Gene P. Cook, controller.

Directors: Maurice F. Krug*, chairman; John W. Berry*, James J. Mulligan*, Marvin E. Bruce, Victor J. Cassano, Sr., William J. Hoben, Leo W. Ladehoff, Frederick C. Smith, Earl T. O'Loughlin, Philip L. Fondy.

* Member of the Executive Committee

Areas of Work: Operates primarily in three business segments: Aerospace, Leisure Marine, and Housewares.

Divisions and Subsidiaries

Technology Life Sciences Division
1290 Hercules Drive
Suite 120
Houston, Texas 77058
(713) 488-5970

Biomedical research and development in the life sciences, particularly physiology, vision and biochemistry; medical systems research, quality control of production chemicals, development and marketing of freeze-dried foods.

Technology Systems Division
3821 Colonel Glenn Highway
Dayton, Ohio 45431-0036
(513) 426-2405

Interdisciplinary research and development in flight dynamics aeropropulsion, gas dynamics, solid rocket technology, bioastronautics, nuclear effects, avionics, bioengineering, optics, and instrumentation data acquisition, reduction and analysis, electronic systems design and fabrication. Design, manufacture and marketing of scientific instruments for biomedical research, mass flow measurement of gases, and environmental measurement and control. Manufacture of electric annunciators, alarm systems, sequential event recorders and special purpose control equipment for industrial and public utility power plants and other process controls.

Technology/Scientific Services, Inc.
P.O. Box 3065
Overlook Branch
Dayton, Ohio 45431
(513) 426-0252

Scientific, engineering and technical contract services in the fields of electronics, aerospace engineering and computer technology.

Technology Services Division
405 West Nakoma
San Antonio, Texas 78279-0644
(512) 349-3925

Provides research support in both government and company laboratories.

Alpha Net Division
Dayton, Ohio

Specializes in the design, installation, integration and management of local area networks for computers.

Dempster Systems Inc.

Dempster Systems-East
302 N. Sage Street
P.O. Box 1388
Toccoa, Georgia 30577
(404) 886-6556

Dempster Systems-West
12927 Marquardt
Santa Fe Springs, California 90670
(213) 921-8653

Dempster Systems Limited
260 New Toronto Street
Etobicoke, Ontario M8V 2E8, Canada
(416) 253-1750

Solid waste handling equipment including front loaders, rear loaders, roll-off units, large volume stationary packers, transfer stations and trailers.

KRUG International (UK) Ltd.
32 Ives Street
London, United Kingdom
011441823-9111

Shelvoke Dempster Limited
Icknield Way
Letchworth Garden City
Hertfordshire SG6 1EN, United Kingdom
01144462686555

Municipal and industrial solid waste handling vehicles, including rear loaders and front loaders.

Krug Power & Control Limited
Holme Lane
Bradford
Yorkshire BD4 OPY, United Kingdom
01144274683221

Distributes industrial pumps, motors, flow controls, pressure controls, electronics and directional controls, hydraulic cylinders and pneumatic equipment.

South Western Marine Factors Limited
P.O. Box 4
43 Pottery Road, Parkstone, Poole
Dorset BH14 8RE, United Kingdom

Distributes marine outboard engines, stern drives and inboard engines, diesel engines, steering systems and controls, boat fittings, equipment and clothing.

Beldray Limited
P.O. Box 20
Mount Pleasant, Bilston
West Midlands WV14 7NF, United Kingdom
01144902353500

Consumer ironing tables and accessories, kitchen textile accessories, domestic aluminum ladders and work platforms and garden equipment.

Transfer Agent(s):

Bank One Indianapolis, N.A.
101 Monument Circle
Indianapolis, Indiana 46277

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KRUG (NASDAQ)

Number of Employees:

1989	1,450	1986	1,607
1988	1,751	1985	1,733
1987	1,742		

Plant Footage:

1988 .... 885,650 sq. ft.

Sales & Earnings

	Revenues †	Net Income
1989	$ 84,731,000	$ 1,057,000
1988	73,800,000	499,000
1987	53,374,000	(1,988,000)
1986*	35,154,000	1,972,000
1985	25,098,000	1,555,000

	No. of Com. Shares +	Earn. per Share #
1989	4,116,994	$ 0.25
1988	4,370,828	0.11
1987	4,348,651	—
1986*	4,003,211	0.49
1985	3,959,151	0.38

(Loss)
* 9 months.
† Of continuing operations only.
+ Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1989	1988
Commercial/consumer:		
Leisure marine	$ 24,109,000	$ 20,201,000
Housewares	21,612,000	18,071,000
Aerospace	39,010,000	35,528,000
Total	$ 84,731,000	$ 73,800,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1989	$ 0.50	—	—
1988	0.03	—	
1987	0.03	—	5-for-4
1986	0.024	—	—
1985	0.024	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1989	$ 11,348,000	$ 2.76
1988	16,931,000	3.87
1987	13,576,000	3.12
1986	11,712,000	2.93
1985	8,903,000	2.25

+ Adjusted to reflect stock split.

Income Accounts

Year ended Mar. 31	1988	1987
Revenues	$ 84,731,000	$ 73,800,000
Cost of sales	72,686,000	61,960,000
Expenses	9,496,000	7,697,000
Depreciation & amortization	677,000	246,000
Interest expense	1,281,000	826,000
Other income	(2,751,000)	(1,348,000)
Income before taxes	$ 3,342,000	$ 4,419,000
Income taxes	388,000	1,699,000
Inc.-cont. oper.	$ 2,954,000	$ 2,720,000
Loss-discont. oper.	(1,897,000)	(2,221,000)
Net Income	$ 1,057,000	$ 499,000

Assets

As of Mar. 31	1989	1988
Cash	$ 335,000	$ 730,000
Accts. receiv., net	19,810,000	18,362,000
*Inventories	6,696,000	6,330,000
Prepaid expenses	557,000	612,000
Net assets-discont. oper.	14,784,000	22,610,000
Current Assets	$ 42,182,000	$ 48,644,000
Long-term receiv.	261,000	287,000
#Fixed assets	4,901,000	3,479,000
Net assets-discont. oper.	4,563,000	4,113,000
Total Assets	$ 51,907,000	$ 56,523,000

Liabilities

Bank borrowings	$ 19,210,000	$ 17,000,000
Long-term debt, curr.	1,057,000	1,004,000
Accts. payable	8,240,000	7,872,000
Accruals	4,012,000	3,617,000
Income taxes	746,000	1,988,000
Curr. Liabilities	$ 33,265,000	$ 31,481,000
Long-term debt	6,324,000	5,428,000
Subordinated long-term debt	450,000	500,000
Deferred inc. taxes	65,000	161,000
Deferred income	—	1,237,000
Exc. of net assets acq. over purch. price	455,000	785,000
+Common stock	2,058,000	2,185,000
Add. paid-in capital	537,000	2,446,000
Retained earnings	5,965,000	7,055,000
For. curr. trans.	2,788,000	5,245,000
Total Liabilities & Shareholders' Equity	$ 51,907,000	$ 56,523,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	9.31	4.95
Debt to Equity	2.38	1.41
Working Capital	$ 8,917,000	$ 17,163,000
Current Ratio	1.27	1.55
Shareholders' Equity	$ 11,348,000	$ 16,931,000

Kulicke and Soffa Industries, Inc.

2101 Blair Mill Road
Willow Grove, Pennsylvania 19090
(215) 784-6000

Officers: C. Scott Kulicke, chairman & chief exec. officer; Donald VanLuvanee, president & chief operating officer; Dan Kahan, sr. v.p.; Asher Brockmann, v.p.; Max M. Bycer, v.p.; Graham G. Yeldon, v.p.; Morton Perchick, v.p.; Edwin J. Clarke, v.p.; Robert M. Hilton, v.p.; Paul S.H. Lai, v.p.; Arthur J. Schneider, v.p.; Toshiki Yoshida, v.p..

Directors: C. Scott Kulicke, chairman of the board; Albert Soffa, Frederick W. Kulicke, Jr., Allison F. Page, MacDonell Roehm, Jr., Donald R. VanLuvanee, John A. O'-Steen, William Zadel.

Areas of Work: Produces semiconductor manufacturing and assembly equipment ranging from manual to computer-controlled and fully automatic, as well as wire and die bonders and micro-tools.

Subsidiaries:

Kulicke and Soffa (Israel) Ltd.
Advanced Technology Center
P.O. Box 875
Haifa 31008, Israel
(972) 4-510271

Kulicke and Soffa, A.G.
Baarerstrasse 8
Zug CH-6301, Switzerland
(41) 42-222626

Kulicke and Soffa (Asia) Ltd.
Fook Cheong Building, 9th Floor
63 Hoi Yuen Road
Kwun Tong, Hong Kong
(852)3-896323

Kulicke and Soffa, (U.K.) Ltd.
Denton Island
Newhaven, East Sussex,, England BN9 9BA
(44)273-513111

Kulicke and Soffa (Japan) Ltd.
No. 5 Koike Bldg., 3rd Floor
1-3-12 Kita-Shinagawa, Shinagawa-Ku
Tokyo 140, Japan
(03)450-7601

Transfer Agent(s):

Mellon Bank (East) N.A.
Philadelphia, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KLIC (NASDAQ)

Number of Employees:

1988	1,117	1985	1,294
1987	1,050	1984	1,965
1986	1,138		

Plant Footage:

1988	286,000 sq. ft.	1985	280,000
1987	286,000	1984	272,000
1986	280,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 83,502,000	$ 4,357,000
1987	66,856,000	(5,366,000)
1986	64,771,000	(7,445,000)
1985	125,102,000	(489,000)
1984	119,641,000	14,123,000

	No. of Com. Shares #	Earn. per Share #
1988	7,638,742	$ 0.57
1987	7,571,185	—
1986	7,513,627	—
1985	7,450,871	—
1984	7,381,313	1.91

(Loss)
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	0.12	—	—
1984	0.08	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 40,571,000	$ 5.28
1987	35,990,000	4.73
1986	40,473,000	5.37
1985	48,137,000	6.44
1984	48,214,000	6.51

Income Account

Year ended Sept. 30	1988	1987
Net sales	$ 83,502,000	$ 66,856,000
Cost of sales	40,560,000	34,294,000
Expenses	32,870,000	32,021,000
Depreciation & amortization	3,277,000	3,577,000
Interest expense	3,126,000	3,435,000
Interest income	(711,000)	(548,000)
Income (loss) before taxes	$ 4,380,000	$ (5,923,000)
Income taxes (credit)	23,000	(557,000)
Net Income (Loss)	$ 4,357,000	$ (5,366,000)

Assets

As of Sept. 30	1988	1987
Cash & temp. cash invest.	$ 10,269,000	$ 8,028,000
Restricted cash	656,000	500,000
Short-term investments	872,000	1,022,000
Accts. & notes receiv., net	22,148,000	16,239,000
*Inventories	32,878,000	32,828,000
Prepaid expenses & other assets	2,349,000	1,747,000
Prepaid inc. taxes	829,000	1,005,000
Current Assets	$ 70,001,000	$ 61,369,000
#Fixed assets	18,489,000	19,890,000
Deferred debts and other assets	2,416,000	2,718,000
Total Assets	$ 90,906,000	$ 83,977,000

Liabilities

Long-term debt. curr.	$ 2,233,000	$ 2,131,000
Accts. payable	6,299,000	4,077,000
Accruals	4,182,000	3,781,000
Income taxes	1,205,000	1,346,000
Curr. Liabilities	$ 13,919,000	$ 11,335,000
Long-term debt	35,884,000	36,130,000
Other liabilities	416,000	365,000
Deferred inc. taxes	116,000	157,000
+Common stock	14,043,000	13,373,000
Retained earnings	29,105,000	24,748,000
Cum. trans. adjust.	(1,970,000)	(1,644,000)
Treasury stock	(607,000)	(487,000)
Total Liabilities & Shareholders' Equity	$ 90,906,000	$ 83,977,000

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

% Income bef. Taxes to Sales	5.25	—
% Net Income to Sales	5.22	—
% Net Income to Equity	10.74	—
Sales to Inventories	2.54	2.04
Debt to Equity	0.94	1.06
Working Capital	$ 56,082,000	$ 50,034,000
Current Ratio	5.03	5.41
Shareholders' Equity	$ 40,571,000	$ 35,990,000

Kustom Electronics, Inc.

8320 Nieman Road
Lenexa, Kansas 66214-1510
(913) 492-1400

(39% owned by Van Enterprises, Inc.)

Officers: L. Claude Simmonds, chairman of the board & chief exec. officer; William E. Ruppert, president & chief operating officer; Ronald Duncan, v.p.-international sales; Bruce Keeton, v.p.-human resources; Charles W. Bowen, v.p.-sales & marketing; Jim Crisp, v.p.-finance & corp. secretary; John Kusek, v.p.-R & D engineering; J. Ralph Hixson, v.p.-manufacturing.

Directors: L. Claude Simmonds, chairman; Lyle P. Phillips, William E. Ruppert, John G. Simmonds, Bruce S. Simmonds, John J. Hurley.

Areas of Work: Engaged in two principal lines of business: traffic radar systems; and communications consoles and mobile digital terminals. Products serve law enforcement agencies and mobile computer terminal businesses.

Divisions:

Communications Division
Traffic Safety Division

Transfer Agent(s):

United Missouri Bank of Kansas City
10th and Grand
Kansas City, Missouri 64106

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KUST (NASDAQ)

Number of Employees:

1988 159
1987 160
1986 162
1985 160
1984 150

Plant Footage:

1988 .... 54,082 sq. ft.
1987 54,082
1986 53,000

Sales & Earnings

	Net Sales‡ †	Net Income +
1988	$ 12,211,402	$ 685,215
1987	11,656,269	56,688
1986	10,120,666	590,409
1985	9,313,311	1,561,576
1984	N.A.	951,018

	No. of Com. Shares #	Earn. per Share # +
1988	1,911,500	$ 0.36
1987	1,948,264	0.03
1986	1,930,480	0.31
1985	1,904,883	0.82
1984	1,793,144	0.53

N.A. - Not Available.
‡ Includes other revenues.
† Of continuing operations only.
+ Including extraordinary gains of $106,000 ($0.06 per share) in 1987, $45,080 ($0.02 per share) in 1986, $703,000 ($0.37 per share) in 1985 and $438,000 ($0.24 per share) in 1984.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Revenue by Lines of Business

	1988	1987
Traffic safety	$ 7,309,107	$ 6,097,067
Communications	4,902,295	5,559,202
Total	$ 12,211,402	$ 11,656,269

Common Stock

	Cash Dividend	Stock Dividend	Stock
1988	—	—	—
1987	—	—	—
1986	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 5,927,594	$ 3.10
1987	5,414,649	2.78
1986	5,366,983	2.78
1985	4,672,281	2.45
1984	2,568,517	1.43

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 12,211,402	$ 11,656,269
Cost of sales	7,039,982	6,637,335
Expenses	4,237,786	3,955,296
Interest expense	763	37,087
Interest income	(135,497)	(67,455)
Other income	(53,777)	(55,592)
Income before taxes	$ 1,122,145	$ 1,149,598
Income taxes	382,000	445,000
Income - cont. oper.	$ 740,145	$ 704,598
Loss - discont. oper.	—	(113,910)
Loss on dispos. of peripherals div.	(54,930)	(640,000)
Net Income (Loss)	$ 685,215	$ (49,312)
Extraord. gain	—	106,000
Net Income (Loss) & extraord. gain	$ 685,215	$ 56,688

* Included in Costs and Expenses, Depreciation and Amortization: $344,475 in 1988 and $321,035 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 1,105,549	$ 4,536
Accts. receiv., net	2,568,468	2,736,538
Lease purchase contracts receiv.	322,860	478,079
Costs in exc. of billings on uncomp. contracts	151,616	455,975
*Inventories	1,834,520	1,771,422
Prepaid expenses	143,176	72,947
Assets of discont. oper.	—	296,255
Current Assets	$ 6,126,189	$ 5,815,752
#Fixed assets	1,150,249	826,954
Deposits & other assets	250,587	196,949
Total Assets	$ 7,527,025	$ 6,839,655

Liabilities

Accts. payable	$ 466,182	$ 594,654
Accruals	714,318	547,035
Excess billings on uncompleted contracts	44,152	13,808
Inc. taxes payable	374,779	249,493
Liab. of discont. oper.	—	20,016
Curr. Liabilities	$ 1,599,431	$ 1,425,006
+Common Stock	194,892	194,892
Add. paid-in captial	3,346,694	3,347,577
Retained earnings	2,558,535	1,873,320
Treasury stock	(172,527)	(1,140)
Total Liabilities & Shareholders' Equity	$ 7,527,025	$ 6,839,655

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ 0.10 par value.

Statistical Summary

% Net Income to Equity	11.56	—
Sales to Inventories	6.66	6.58
Working Capital	$ 4,526,758	$ 4,390,746
Current Ratio	3.83	4.08
Shareholders' Equity	$ 5,927,594	$ 5,414,649

Kyocera Corporation

5-22 Kitainoue-cho, Higashino
Yamashina-ku, Kyoto 607, Japan
(075) 592-3851

Board of Directors: Kazuo Inamori, chairman & representative director; Kinju Anjo, president & representative director; Kensuke Itoh, executive v.p. & representative director; Toshinori Inamori, Masaaki Hiwatashi, Shoichi Hamamoto, Yoshiteru Hamano, Yoshizo Yasuda, Katsumi Nishimura, senior managing directors; Masao Kadota, Koichi Nakamura, Kenjiro Kimura, Shunji Nosaka, Masao Hori, managing directors; Toshihiko Teshirogi, Taiichi Akiyama, Stuart Lubitz, Yoshinobu Kanda, Ryusho Nagai, Michihisa Yamamoto, Yasuo Nishiguchi, Kiyohide Shirai, Tetsu Ohira, Tsutomu Kinoshita, Naoyuki Morita, Minoru Fujiyoshi, Shizuo Koyama, Yuzo Yamamura, Kaichiro Odagawa, directors.

Areas of Work: The Company is primarily engaged in the manufacture and sale of products in three major segments: ceramic and related products for the electronics and other industries; electronic equipment consisting of communications, audio and business equipment; and optical and precision instruments consisting of cameras and camera lenses. Major ceramic products included alumina substrates, substrates for volume control and resistors, multiform glass for color TVs, parts for machine tools, pump and valve components, sliders, automotive components, and connectors for optical fiber glass cable. Major semiconductor products include cerdips, chip carriers and mother boards, pin grid arrays, and metallized microwave packages. Major electronic components products include chip capacitors, ceramic filters, resonators, chip resistors, thermal printheads, amorphous silicon drums, and liquid crystal displays. Consumer-related products include jewelry (Crescent Vert), dental implant and orthopedic devices (Bioceram), solar water heaters, solar cells, cutting tools, and ceramic scissors. Major products in the area of electronic equipment include transceivers, navigation equipment, compact disc players, MSX, desk-top computers, and compact laser printers. Major products in the area of optical and precision instruments include single lens reflex cameras (Contax, Yashica, Kyocera), 35mm cameras, lenses for single lens reflex cameras, and 8mm video camcorders.

Subsidiaries and Affiliates (Japan):

Kyocera Electronic Equipment Co., Ltd.
Shibuya-ku, Tokyo
Electronic equipment.

Tomioka Optical Co., Ltd.
Japan
Manufactures optical and precision instruments.

Taito Corporation
(22.5% interest)
Japan
Game machines and operation of amusement arcades.

Daini-Denden Inc.
(25% interest)
Chiyoda-ku, Tokyo
Provides telecommunications services in Japan.

Japan New Media System Co., Ltd. (50%-owned)
Setagaya-ku, Tokyo
Electronic equipment.

Subsidiaries and Affiliates (non-Japanese):

Kyocera International, Inc.
8611 Balboa Avenue
San Diego, California 92123 U.S.A.
(619) 576-2600

Kyocera America, Inc.
San Diego, California, U.S.A.
Manufactures semiconductor parts.

Kyocera Electronics, Inc.
Somerset, New Jersey, U.S.A.
Electronic equipment.

Kyocera Northwest, Inc.
Vancouver, Washington, U.S.A.
Manufactures electronic components.

Kyocera Unison, Inc. (81.36%-owned)
Berkeley, California, U.S.A.
Electronic equipment.

Kyocera Feldmuhle, Inc. (52.5%-owned)
Mountain Home, North Carolina, U.S.A.
Manufactures industrial ceramics and cutting tools.

Yashica, Inc.
Somerset, New Jersey, U.S.A.
Optical and precision instruments.

Kinamed, Inc.
U.S.A.
Artificial ceramic bones.

Kyocera Canada, Inc.
Mississauga, Ontario, Canada
Optical and precision instruments.

Yashica do Brasil-Industria e Comercio Ltda.
Sao Paulo, Brazil
Optical and precision instruments.

Yashica do Brasil-Exportacao e Industria Ltda.
Sao Paulo, Brazil
Optical and precision instruments.

Feldmuhle Kyocera Europe
Elektronische Bauelemente GmbH
Esslingen-Zell, Federal Republic of Germany
Electronic components and semiconductor parts.

Yashica Kyocera GmbH
Hamburg, Federal Republic of Germany
Optical and precision instruments.

Kyocera Electronics Europe GmbH
Dusseldorf, Federal Republic of Germany
Electronic equipment.

Kyocera (Hong Kong) Ltd.
East Kowloon, Hong Kong
Electronic components and semiconductor parts.

Universal Optical Industries, Ltd.
Kowloon, Hong Kong
Manufactures optical and precision instruments.

Yashica Hong Kong Co., Ltd.
Hong Kong
Optical and precision instruments.

Yashica Handelsgesellschaft mbH
Austria
Optical and precision instruments.

Yashica A.G.
Switzerland
Optical and precision instruments.

Transfer Agent(s):

Osaka Shoken Daiko Co., Ltd.
4-6 Kitahama 2-chome
Chuoh-ku
Osaka 541, Japan

ADR Depositary:

Citibank, N.A.
111 Wall Street
New York, New York 10043

Stock Exchange(s): Tokyo, Osaka, Kyoto, New York*

Ticker Symbol: KYO (New York)* * Trades as an American Depositary Receipt (ADR)

Sales & Earnings

	Net Sales (000's)	Net Income (000's)	No. of Com. Shares ‡	Earn. per Share ‡
1989	¥ 338,704,000	¥ 29,654,000	163,599,000	¥ 183.04
1988	300,409,000	22,677,000	163,599,000	140.56
1987	276,192,000	17,465,000	150,000,000	116.43
1986	279,103,000	18,385,000	150,000,000	122.57
1985	325,719,000	38,072,000	150,000,000	253.81

¥ - Yen
‡ Adjusted to reflect stock split.

Revenues By Line of Business
(millions)

	1989	1988
Ceramic & related prods.	¥ 234,605	¥ 211,465
Electronic equipment	65,554	52,075
Optical & precision instruments	38,545	36,869
Total	¥ 338,704	¥ 300,409

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1989	¥44.00	—	—
1988	44.00	—	
1987	44.00	—	—
1986	44.00	—	—
1985	44.00	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1989	¥ 364,320,000	¥2,226.91
1988	330,359,000	2,019.32
1987	299,886,000	1,999.24
1986	291,880,000	1,945.87
1985	286,516,000	1,910.11

‡ Adjusted to reflect stock split.

Income Account *
(millions)

Year ended Mar. 31	1989	1988
Net sales	¥ 338,704	¥ 300,409
Cost of sales	228,695	206,337
Expenses	55,732	52,509
Interest expense	1,624	1,339
Interest income	(10,853)	(11,094)
For. curr. trans. loss	2,142	2,441
Other expense (income)	127	(1,492)
Income before taxes	¥ 61,237	¥ 50,369
Income taxes	31,583	27,692
Net Income	¥ 29,654	¥ 22,677

* Included in Costs and Expenses, Depreciation and Amortization: ¥ 16,436,000,000 in 1989 and ¥ 14,918,000,000 in 1988.

Assets
(millions)

As of Mar. 31	1989	1988
Cash & demand deposits	¥ 5,425	¥ 4,298
Time deposits	221,793	142,600
Short-term comm. notes	10,535	16,387
Short-term invest.	3,000	35,267
Marketable securities	4,426	4,351
Accts. receiv., net	82,192	82,018
*Inventories	49,499	47,293
Deferred inc. taxes	9,255	8,177
Current Assets	¥ 386,125	¥ 340,391

Investments & advances	38,304	21,785
#Fixed assets	75,409	69,623
Other assets	21,639	18,936
Total Assets	¥ 521,477	¥ 450,735

Liabilities
(millions)

Long-term debt, curr.	¥ 1,886	¥ 1,085
Notes & accts. payable	39,928	37,492
Accrued payroll	9,054	7,877
Accrued inc. taxes	18,753	18,800
Other accruals	4,864	4,196
Other current liabilities	2,506	1,531
Curr. Liabilities	¥ 76,991	¥ 70,981
Long-term debt	73,668	43,227
Other liabilities	6,109	5,749
Minority interest	389	419
+Common stock	43,979	42,663
Add. paid-in capital	116,322	107,523
Legal reserve	4,471	3,794
Retained earnings for special allow.	2,878	2,274
Retained earnings	207,435	185,835
For. curr. trans. adjust.	(10,765)	(11,730)
Total Liabilities & Shareholders' Equity	¥ 521,477	¥ 450,735

* At lower of cost (average & FIFO) or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.08	16.77
%Net Income to Sales	8.76	9.22
%Net Income to Equity	8.14	8.38
Sales to Inventories	6.84	6.35
Debt to Equity	0.21	0.13
Working Capital (000's)	¥ 309,134,000	¥ 269,410,000
Current Ratio	5.02	4.80
Shareholders' Equity (000's)	¥ 364,320,000	¥ 330,359,000

LaBarge, Inc.

707 North Second Street
P.O. Box 14499
St. Louis, Missouri 63178
(314) 231-5960

Officers: Pierre L. LaBarge, Jr., chairman of the board & chief executive officer; Craig E. LaBarge, president & chief operating officer; William J. Maender, v.p.-finance & secretary; J.C. Kuhn, Jr., vice president; Edward A. O'Brien, vice president.

Directors: Pierre L. LaBarge, Jr., chairman; Gus G. Casten, Richard P. Conerly, Edward J. Nestor, Jr., Richard A. Meyer, R. Hal Dean, Craig E. LaBarge, Richard T. Fox, James P. Shanahan, Jr., John F. Williamson.

Areas of Work: Engineers, manufactures, tests and sells sophisticated electronic systems and devices and complex interconnect assemblies under contract with customers. Markets for the Company's products include the defense and aerospace, computer and medical diagnostic equipment industries.

Division:

LaBarge Electronics Division
707 N. Second Street
St. Louis, Missouri 63102
(314) 231-3400

Transfer Agent(s):

Ameritrust Company, N.A.
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): American

Ticker Symbol: LB

Number of Employees:

1988	1,078	1985	1,200
1987	N.A.	1984	1,200
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income †
1988	$ 59,665,000	$ 1,636,000
1987	55,759,000	6,769,000
1986	63,187,000	(24,816,000)
1985*	30,941,000	(2,795,000)
1984	55,785,000	(12,268,000)

	No. of Com. Shares	Earn. per Share † #
1988	13,855,915	$ 0.01
1987	13,855,915	0.59
1986	6,744,808	—
1985*	6,744,808	—
1984	6,721,114	—

(Loss)
* 6 months.
+ Of continuing operations only.
† Including extraordinary gains of $578,980 ($0.04 per share in 1988 and $5,089,000 ($0.50 per share) in 1987.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ (6,610,716) ‡	$ —
1987	(7,566,698) ‡	—
1986	(13,533,723)	—
1985	11,282,429	1.67
1984	14,012,587	2.08

(Deficiency)
‡ After allowing for preferred stock at redemption values.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 59,664,508	$ 55,759,350
Cost of sales	50,713,697	45,848,204
Expenses	6,772,143	7,403,183
Interest expense	1,848,798	3,021,076
Other income	(360,819)	(571,953)
Inc. bef. taxes	$ 690,689	$ 58,840
Income taxes	275,400	15,000
Income - cont. oper.	$ 415,289	$ 43,840
Income - discont. oper.	641,713	1,636,063
Net Income	$ 1,057,002	$ 1,679,903
Extraord. gain	578,980	5,089,122
Net Income & extraord. gain	$ 1,635,982	$ 6,769,025

* Included in Costs and Expenses, Depreciation and Amortization: $1,163,562 in 1988 and $1,517,068 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 49,100	$ 315,091
Accts. receiv., net	9,159,266	9,436,682
*Inventories	22,268,698	22,285,022
Prepaid expenses	242,923	132,875
Current Assets	$ 31,719,987	$ 32,169,670
#Fixed assets	3,397,499	4,009,619
Assets of bus. divest.	1,846,568	2,385,642
Other assets	754,372	907,162
Total Assets	$ 37,718,426	$ 39,472,093

Liabilities

Notes payable	$ 1,911,440	$ 1,044,450
Long-term debt, curr.	304,460	661,989
Accts. payable	5,753,728	6,605,903
Employee compensation	983,992	991,888
Other taxes	172,150	286,086
Other accruals	557,938	1,088,067
Pref. dividends pay.	212,500	127,500
Liab. from discont. oper.	490,000	3,123,000
Curr. Liabilities	$ 10,386,208	$ 13,928,883
Long-term debt	16,942,934	16,109,908
+ Preferred stock:		
Series A	5,562,000	5,188,500
Series B	7,973,000	7,449,500
++ Common stock	138,559	3,463,979
Add. paid-in capital	7,920,750	4,595,330
Retained earnings (deficit)	(10,184,843)	(10,243,825)
Treasury stock	(1,020,182)	(1,020,182)
Total Liabilities & Shareholders' Equity	$ 37,718,426	$ 39,472,093

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value; redeemable cumulative.
++ $0.01 par value.

Statistical Summary

% Net Income to Equity	10.17	17.81
Sales to Inventories	2.68	2.70
Debt to Equity	1.84	1.89
Working Capital	$ 21,333,779	$ 18,240,787
Current Ratio	3.05	2.31
Shareholders' Equity	$ 10,389,284	$ 9,433,302

LaPointe Industries, Inc.

24 Scitico Road
Somers, Connecticut 06071
(203) 763-2315

Officers: Jack Lopes, chairman of the board, chief executive officer & president; Salvatore K. Canistraro, v.p.-finance & treasurer; Shirley M. Milnes, v.p.-administration & secretary; Werner H. Steuernagel, v.p.-engineering; Louise R. Michaud, corp. controller.

Directors: Jack Lopes, chairman of the board; Daniel L. McQuillan, Salvatore K. Canistraro, Shirley M. Milnes, William P. Borchert.

Areas of Work: The company manufactures complete electronic systems; electronic spare parts in sub-assembly form; air variable capacitors which are used as frequency tuning devices in high stability oscillators and in radio receivers and transmitters and inductors.

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland 21203

Stock Exchange(s): American

Ticker Symbol: LPI

LaPointe Industries, Inc.

Number of Employees:

1987	173	1984	330
1986	200	1983	338
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income †
1987	$ 4,378,000	$ (939,000)
1986	6,178,000	271,000
1985	10,492,000	495,000
1984	10,607,000	544,000
1983	8,212,000	56,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1987	675,373	$ —
1986	646,754	0.42
1985	685,342	0.72
1984	693,108	0.78
1983	693,108	0.08

(Loss)
† Including extraordinary gains of $115,000 ($0.18 per share) in 1986 and $230,000 ($0.33 per share) in 1985.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,146,599	$ 4.66
1986	4,075,360	6.30
1985	3,465,329	5.06
1984	3,570,700	5.15
1983	2,384,458	3.44

Income Account *

Year ended June 30	1987	1986
Net sales	$ 4,377,523	$ 6,178,268
Cost of sales	3,882,359	4,769,639
Expenses	1,246,641	1,183,306
Gain on sale of assets	—	(348,465)
Royalty income	(46,354)	(22,318)
Other income	—	(221)
Amort. of plant relocation costs	51,285	—
Empl. stock owner. plan	—	200,000
Interest expense	172,157	113,902
Income before taxes	$ (928,565)	$ 282,425
Income taxes	10,201	126,714
Net Income	$ (938,766)	$ 155,711
Extraord. gain	—	115,714
Net Income & extraord. gain	$ (938,766)	$ 271,425

* Included in Costs and Expenses, Depreciation and Amortization: $239,283 in 1987 and $172,200 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 155,766	$ 255,622
Accts. receiv., net	354,248	1,012,605
Notes receiv.	—	335,781
*Inventories	4,228,020	3,910,708
Prepaid expenses	56,537	81,725
Current Assets	$ 4,794,571	$ 5,596,441
# Fixed assets	1,361,311	768,361
Deferred plant relocation costs	153,855	108,626
Total Assets	$ 6,309,737	$ 6,473,428

Liabilities

Note payable	$ 850,000	$ 350,000
Long-term debt curr.	130,008	65,004
Accts. payable	967,540	616,298
Other accruals	121,436	128,970
Income taxes	—	2,800
Curr. Liabilities	$ 2,068,984	$ 1,163,072
Long-term debt	1,094,154	1,234,996
+ Common stock	885,788	885,788
Add. paid-in capital	637,991	644,939
Retained earnings	2,911,162	3,849,928
Treasury stock	(1,288,342)	(1,305,295)
Total Liabilities & Shareholders' Equity	$ 6,309,737	$ 6,473,428

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.57
%Net Income to Sales	—	2.52
%Net Income to Equity	—	3.82
Sales to Inventories	1.04	1.58
Debt to Equity	0.66	0.40
Working Capital	$ 2,725,587	$ 4,433,369
Current Ratio	2.32	4.81
Shareholders' Equity	$ 3,146,599	$ 4,075,360

Lee Data Corporation

7075 Flying Cloud Drive
Minneapolis, Minnesota 55344
(612) 828-0300

Officers: John M. Lee, chairman & chief exec. officer; Robert D. Gordon, group v.p.-marketing & secretary; Brian D. Kovalchuk, chief financial officer; Edwin G. McMullen, sr. v.p.-corp. development; Scott D. Whittenburg, group v.p.-operations; Robert B. Besinger, v.p.-personnel & administration; Jon G. Hanson, v.p.-information services; James W. Kilmer, v.p.-hardware development; Jack A. Mandrgoc, v.p.-Dalcom Division; James R. McCormack, v.p.-commercial sales; Don C. McIlwain, v.p.-manufacturing; Robert E. Pasquarella, v.p.-BOC sales; John R. Schroeder, v.p.-Datastream.

Directors: John M. Lee, chairman of the board; Duane S. Carlson, Nicholas J. Covatta, Jr., Robert W. Fischer, Elserino Piol, Clarence W. 3pangle, Robert J. Carlson, Dale R. Olseth, Robert E. Gordon, Dale R. Olseth.

Areas of Work: Designs, manufactures, markets and services display terminal systems which enable users to communicate with a wide variety of mainframes and minicomputers for data processing and to perform personal computing and file transfer functions.

Divisions and Subsidiaries:

Leedata Canada Inc.

Lee Data Far East Ltd.

Datastream Communications, Inc.
Santa Clara, California
Produces cluster controllers for protocol conversion and micro-to-mainframe software.

Phaze Information Machines Corporation
Scottsdale, Arizona
Designs, manufactures and markets plug-compatible display terminals for use in IBM large-scale computer networks.

Acquisitions:

Dalcom Services, Inc.
A telecommunications company specializing in testing and verification of telephone wiring.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota 55344

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LEDA (NASDAQ)

Number of Employees:

1988	N.A.	1985	994
1987	1,075	1984	1,156
1986	1,133		

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income
1988	$ 101,495,000	$ (5,133,000)
1987	114,525,000	5,581,000
1986	93,068,000	2,098,000
1985	91,050,000	455,000
1984	98,720,000	17,600,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	13,343,216	$ —
1987	14,461,000	0.39
1986	14,144,000	0.15
1985	14,111,000	0.03
1984	14,103,000	1.25

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 83,288,000	$ 6.24
1987	95,568,000	6.61
1986	89,495,000	6.33
1985	87,047,000	6.17
1984	82,009,000	5.82

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Mar. 31	1988	1987
Sales	$ 82,973	$ 95,588
Rentals & serv.	18,522	18,937
Total revenues	$ 101,495	$ 114,525
Cost of revenues	68,341	67,779
Expenses	42,574	38,937
Interest expense	1,480	848
Interest income	(1,267)	(3,093)
Other gains	(619)	—
Inc.(loss) bef. taxes	$ (9,014)	$ 10,054
Income taxes (credit)	(3,881)	4,625
Inc.(loss) - cont. oper.	$ (5,133)	$ 5,429
Income-discont. oper.	—	152
Net Income (Loss)	$ (5,133)	$ 5,581

* Included in Costs and Expenses, Depreciation and Amortization: $7,361,000 in 1988 and $8,702,000 in 1987.

Assets
(000's)

As of Mar. 31	1988	1987
Cash	$ 2,508	$ 1,807
Marketable securities	13,742	31,426
Accts. receiv., net	25,940	28,2[illegible]4
Installment receivables	3,551	1,79[illegible]
Deferred inc. taxes	1,877	828
*Inventories	19,442	21,305
Other curr. assets	770	786
Current Assets	$ 67,830	$ 86,205
Investments in affil.	1,779	—
#Fixed assets	35,030	36,550
Installment receivables	3,278	2,203
Defer. charges	4,402	3,861
Total Assets	$ 112,319	$ 128,819

Liabilities
(000's)

	1988	1987
Accts. payable	$ 5,642	$ 8,511
Accruals	5,346	5,577
Income taxes	979	2,932
Long-term debt, curr.	2,335	142
Curr. Liabilities	$ 14,302	$ 17,162
Long-term debt	11,177	9,876
Deferred inc. taxes	3,552	6,213
+Common stock	616	708
Add. paid-in capital	50,934	57,497
Retained earnings	31,738	37,363
Total Liabilities & Shareholders' Equity	$ 112,319	$ 128,819

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

	1988	1987
%Net Income to Equity	—	5.84
Sales to Inventories	4.27	4.49
Debt to Equity	0.16	0.10
Working Capital	$ 53,528,000	$ 69,043,000
Current Ratio	4.74	5.02
Shareholders' Equity	$ 83,288,000	$ 95,568,000

Lexicon Corporation

2400 East Commercial Boulevard
Fort Lauderdale, Florida 33308
(305) 772-7221

Officers: Michael Levy, president & chief exec. officer; Michael L. Cooke, president & chief operating officer-SCOPE, Inc.; Steven W. Lowe, v.p.-finance.

Directors: Michael Levy, Kiran Gandhi, Timothy J. Crowe, William C. McFarland, Raymond J. Kiernan, Kenneth M. Crosby.

Areas of Work: Development of electronic target identification and other information gathering systems and related research for the Department of Defense; sale of custom bar code scanners and installation of scanner and other integrated systems designed primarily for industrial applications; completion of printed circuit board assemblies under large commercial orders; assembly of computer-assisted picking systems; manufacture of video systems and equipment.

Subsidiary:

SCOPE Incorporated
1860 Michael Faraday Drive
Reston, Virginia 22090
(703) 471-5600

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LEXI (NASDAQ)

Number of Employees:

1988 . . . . 250 1987 248

Plant Footage:

1988 . . . . 96,000 sq. ft. 1987 96,000

Sales & Earnings

	Revenues x	Net Income †
1988	$ 19,709,166	$ (2,680,877)
1987	16,056,663	2,698,022
1986	12,174,312	(2,673,460)
1985	1,883,722	(256,056)
1984	—	385,115

	No. of Com. Shares +	Earn. per Share † ‡
1988	7,452,634	$ —
1987	7,908,323	0.37
1986	6,897,970	—
1985	5,411,540	—
1984	4,990,923	0.09

(Loss)
x Of continuing operations only.
† Including extraordinary gains of $835,000 ($0.11 per share) in 1987 and $15,700 in 1985.
+ Adjusted to reflect reverse stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect reverse stock split.

Revenue by Lines of Business

	1988	1987
Signal Technology	$ 5,384,000	$ 3,648,000
Defense systems	6,793,000	7,315,000
Industrial systems	7,354,000	5,094,000
Sports technology	178,000	—
Total	$ 19,709,000	$ 16,057,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	1-for-2

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1988	$ 11,038,390	$ 1.48
1987	14,376,725	1.82
1986	8,722,499	1.26
1985	6,322,613	1.17

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect reverse stock split.

Income Account

Year ended Aug. 31	1988	1987
Revenues:		
Net sales & contract rev.	$ 17,490,221	$ 14,903,732
Service revenue	2,218,945	1,152,931
Total income	$ 19,709,166	$ 16,056,663
Cost of sales	15,963,440	12,172,131
Expenses	4,497,242	4,553,796
Depreciation & amortization	619,831	718,565
Interest expense	386,341	438,374
Interest income	(337,297)	(264,831)
Unreal. losses on market. securities	693,972	48,676
Real. losses on sales of market. securities	109,172	—
Loss (gain) on sale of assets	10,851	(11,435)
Other income	(71,918)	(1,924)
Minority interest	—	(54,815)
Loss-cont. oper.	$ (2,162,468)	$ (1,501,874)
Inc.(loss)-discont. oper.	(518,409)	3,364,896
Net Income (Loss)	$ (2,680,877)	$ 1,863,022
Extraord. gain	—	835,000
Net Income (Loss) & extraord. gain	$ (2,680,877)	$ 2,698,022

Assets

As of Aug. 31	1988	1987
Cash	$ 1,800,452	$ 1,929,888
Market. securities	545,152	1,740,931
Accts. receiv., net	5,039,376	4,041,064
*Inventories	1,515,204	2,283,444
Prepaid expenses	372,782	201,202
Prop. held for sale	—	6,350,695
Assets of discont. oper.	292,612	1,916,549
Current Assets	$ 9,565,578	$ 18,463,773
#Fixed assets	1,138,887	1,105,112
Other assets	29,146	35,663
Intangibles	4,740,785	4,313,246
Investments	2,560,000	3,060,000
Total Assets	$ 18,034,396	$ 26,977,794

Liabilities

	1988	1987
Notes payable	$ 2,692,413	$ 6,337,477
Long-term debt, curr.	83,358	82,062
Cap. lease oblig., curr.	10,476	38,374
Deferred royalty income	76,893	76,893
Def. gain on sale of prop.	100,756	—
Accounts payable	946,460	1,658,877
Accruals	1,659,783	1,514,957
Convert. deben.	—	500,000
Liab. of discont. oper.	217,802	1,240,840
Curr. Liabilities	$ 5,787,941	$ 11,449,480
Long-term debt	153,705	235,047
Cap. lease oblig.	—	10,476
Deferred royalty income	108,517	185,117
Def. gain on sale of prop.	310,663	—
Deferred income	107,790	131,559
+Preferred stock	5,274	5,894
++Common stock	745,263	790,832
Add. paid-in capital	20,277,802	20,927,407
Retained earnings (deficit)	(8,687,462)	(5,959,135)
Notes receiv. from shareholders	(775,097)	(798,883)
Total Liabilities & Shareholders' Equity	$ 18,034,396	$ 26,977,794

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value; $0.90 cumulative convertible.
++ $0.10 par value.

Statistical Summary

	1988	1987
% Net Income to Equity	—	12.45
Debt to Equity	0.25	0.45
Working Capital	$ 3,777,637	$ 7,014,293
Current Ratio	1.65	1.61
Shareholders' Equity	$ 11,565,780	$ 14,966,115

Litton Industries, Inc.

360 North Crescent Drive
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(213) 859-5000

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Chicago, Illinois 60609
(312) 847-4211
Precision gears and aircraft parts, helicopter gears and transmissions.

Litton Precision Products International
Oberfoehringerstrasse 8
D-8 Munich 80, West Germany
4989989611980S
47
Sales of Litton and non-Litton manufactured electronic and electro-mechanical components.

(France)
58, rue Pottier
F-78150 Le Chesnay, France

(Germany)
Romerstrasse 14
D-5042 Erfstadt 2, West Germany
49-22355025/
5026

Jahnstrasse 3
D-7990 Friedrichshafen 1, West Germany
49-754142272

Alte Volksparkstrasse 24
D-2000 Hamburg 54, West Germany
49405401214

Winchester Electronics Biberach
Otto-Hahn Strasse 8
D-7100 Heilbronn/Biberach, West Germany
49-7066-6811

(Australia)
303 Barrenjoey Road
Newport, N.S.W. 2106
Sydney, Australia

(Great Britain)
6 First Avenue
Globe Park
GB Marlow, Buckinghamshire SL7 1YA, England

(Italy)
Viale Romagna 1
1-20092 Conisello Balsamo-Milan 1, Italy

Via Montauro 27
00040 Morena
Rome, Italy

Via Pellegrino Orlandi 17
40139 Bologna
Italy

(Netherlands)
Van Utrechtweg 25
NL-2921 LN Krimpen a.d. Yssel, Netherlands

(Spain)
Concles del Val 8
E-28036 Madrid, Spain

(Sweden)
Warfvinges Vag 32
Box 30095
S-104 25 Stockholm, Sweden

(Switzerland)
Gubelstrasse 28
CH-8050 Zurich, Switzerland

Western Atlas International (70%-owned)
1001 Richmond Avenue
Houston, Texas 77042-4299
(713) 266-5700
Seismic exploration, reservoir description, core analysis, data reduction and interpretation, wireline oil well logging.

Litton Servotechnik
Feringastr 14
D-8043 Unterfoehring, West Germany
Manufacturer of trimmers and potentiometers. Industrial precision potentiometers, digital and analog turn counting dials, incremental encoders, DC motors, industrial slip rings.

Litton Systems Canada Limited
25 Cityview Drive
Etobicoke, Ontario M9W 5A7, Canada
(416) 249-1231
Inertial navigation systems, airborne surveillance radar, flight inspection systems, LED flat panel displays, instrusion detection and surveillance security systems, shop command and control systems, radar training simulators and automated test equipment.

also at:

220 Laurier Avenue, West
Suite 730
Ottawa, Ontario K1P 5Z9, Canada
(613) 236-2358
Government business development office.

Litton-Westrex Company, Japan
Chiyoda Building
1-2, 2-Chome, Marunouchi
Chiyoda-Ku
Tokyo, Japan

Mail to:
Central P.O. Box 760
Toyko, Japan
81-3-211-6791
Distribution of Litton products; purchase of products manufactured in Japan for export to Litton divisions; technical licensing; exchange of technology and distribution of products between Litton divisions and Japanese firms.

Litton World Trade Corporation
Gubelstrasse 28
Ch-8050 Zurich, Switzerland
Development of Litton trade with Mideast and Eastern countries.

J. S. Nolen & Associates
16225 Park 10 Place
Suite 560
Houston, Texas 77084-5113
(713) 578-3210
Reservoir analysis and petroleum simulation software.

Panelvision
265 Kappa Drive
Pittsburgh, Pennsylvania 15238-2871
(412) 963-9635
Flat panel displays, active matrix displays including the MiniGraphic displays, Liquid Crystal Displays (LCDs).

C. Plath
Gertigstrasse
48 D-2000 Hamburg 60, West Germany
Advanced and conventional marine navigational equipment, including gyro compasses, automatic pilots, electronic mainsteering systems, rate-of-turn indicators, radio navigation equipment, EM-log, sextants, magnetic compasses and general nautical instruments.

also at:

222 Severn Avenue
Annapolis, Maryland 21403-2569
(301) 263-6700

Wang-Ja Bldg. Room 605
1196-1, Choryang-5 Dong
Dong-Ku, Pusan, Korea
820514638345/6

Poly-Scientific
1213 North Main Street
Blacksburg, Virginia 24060
(703) 552-3014
Slip ring assemblies, miniature to large, for all applications including body scanners, offshore mooring and geophysical, cockpit instrumentation, inertial navigation, helicopter de-icing, cable reels, radar pedestals, military vehicle turrets, high speed turbine testing and hard vacuum; rotary switches; arm/disarm devices; molded cable assemblies; perimeter protection (burglar) systems and related components. Also analytical services including physical and chemical analysis particularly as relates to contamination and tribological research of electric contracts.

Potentiometer
750 South Fulton Avenue
Mount Vernon, New York 10551
(914) 664-7733
Precision potentiometers and precision rheostats in rotary, multiturn and singleturn rectilinear and sector types; pendulum transducers; resistors, rotary switches; servo modules; Compulift crane warning systems and load sensing systems.

USECO (Winchester Electronics)
13536 Saticoy Street
Van Nuys, California 91409
(818) 786-9381
Standard and custom screw machine products; terminals, spacers, inserts, knobs, handles, jacks, pins and terminal boards. Standard and custom molded products; connectors, headers, and insulated terminals. Card cages, back panel wire wrap and design.

VEAM
Via Statuto 2
1-20020 Arese/Milan, Italy
Electronic cylindrical connectors. Products distributed by Litton Precision Products International.

also at:

100 New Wood Road
Watertown, Connecticut 06795
(203) 274-9681

VEAM Elektro-Anchulusstechnik GmbH
P.O. Box 1304
Scharnhaeuser Strasse 3
D-7024 Filderstadt 1/Stuttgart, West Germany
Electronic cylindrical connectors.

Western Geophysical
1001 Richmond Avenue
Houston, Texas 77042-4299
(713) 789-9600

Mail to:
P.O. Box 2469
Houston, Texas 77252
(713) 789-9600
Land and marine geophysical seismic surveys for petroleum industry; processing and interpretation of field data at five digital service centers.

also at:

Field Offices:
7229 South Alton Way
P.O. Box 3118
Englewood, Colorado 80155
(303) 770-8660

900 Mohawk Street
Bakersfield, California 93309
(805) 324-0340

351 E. International Airport Road
Anchorage, Alaska 99518-1299
(907) 563-3511

Western Geophysical (Australia)
154 Abernethy Road
Belmont 6104, Western Australia
61-9-478-1033

Western Geophysical (Canada)
2612 37th Avenue, N.E.

Mail to:
P.O. Box 5250, Station A
Calgary, Alberta T2H 1X6, Canada
(403) 291-8100

Western Geophysical (Great Britain)
Wesgeco House
P.O. Box 18
455 London Road
Isleworth, Middlesex TW7 5AB, England

Western Geophysical (Singapore)
37 Jalan Remimpin #04-01 Union Bldg.

Mail to:
Box 94
Thomson Road, P.O.
Singapore 9157

Westrex Asia
BCC House
13th Floor, Room 1302
10 Queen's Road Central
Hong Kong
Sales and service of Westrex and Kimball products.

Winchester Electronics
400 Park Road
Watertown, Connecticut 06795
(203) 274-8891
Electronic and electrical connectors for computers and other industrial, commerical and military uses; back panel wirewrap and design; connector accessories and tools; insulated terminals.

also at:

Main & Hillside Avenue
Oakville, Connecticut 06779-9998
(203) 274-8891

Winchester Electronics
(Division of LPPI GmbH)
Otto-Hahn-Strasse 8
D-7100 Biberach/Heilbronn, West Germany
Manufacture of connectors for electronic and data processing and telecommunication industries; back panel wirewrap; IDC connectors.

Litton Industrial Automation Group (continued)

Lamb Technicon Corp.
5663 E. Nine Mile Road
Warren, Michigan 48091-2593
(313) 497-6000
Supplies automated systems to the automotive industry.

also:
Lamb Systems-Canada
6161 Tecumseh Road
P.O. Box 157
Windsor, Ontario, Canada N9A 6K1
(519) 944-6600

F. Joseph Lamb
225 Eugene Street East
Windsor, Ontario, Canada N8X 2X8
(519) 972-2400

Lamb Technicon-U.K.
Leyton Avenue Mildenhall
Suffolk, England IT2 87B
44-638-717641

Material Handling
2200 Litton Lane
P.O. Box 179
Hebron, Kentucky 41048-0179
(606) 334-2600

Integrated Automation, Inc.
1301 Harbor Bay Parkway
P.O. Box 4004
Alameda, California 94501-6597
(415) 769-5400
Develops and provides document and information management, inspection and process control systems.

Automated Guided Vehicles
280 E. Riley Street
Zeeland, Michigan 49464-9786
(616) 772-6321
Driverless, automatically guided material handling vehicles.

Additional Subsidiaries:

LRS
1001 Loop 35 East
P.O. Box 710
Alvin, Texas 77512-0710
(713) 331-6451
Manufacture, sale and maintenance of electronic digital recording equipment for the geophysical industry. Land and marine seismic detectors and cables. Land and marine seismic energy sources. Special purpose vehicles for off-road use.

also:

3600 Briarpark
Houston, Texas 77042-5206
(713) 781-8871

Lucas Machine
12302 Kirby Avenue
Cleveland, Ohio 44108-1687
(216) 451-5588
Machining centers; boring, milling and drilling machines (horizontal); largely equipped with numerical controls.

Marine Engineering and Production Group Office
1000 W. River Road
P.O. Box 149
Pascagoula, Mississippi 39568-0148
(601) 935-1122

McCullough
10201 Westheimer Road
Houston, Texas 77042-4299
(713) 972-4000
Provider of cased hole wireline services to the oil and gas industry, including completion services, production logging, and pipe recovery services.

Navigation, Guidance and Control Systems Group Office
5500 Canoga Avenue
Woodland Hills, California 91367-6698
(818) 715-3024

New Britain Machine
P.O. Box 2200
South Street
New Britain, Connecticut 06050-2200
(203) 229-1641
Flexible manufacturing systems, multiple spindle automatic bar machines, multiple spindle automatic chucking machines, twin and single spindle vertical and horizontal numerically controlled chucking machines, vertical and horizontal precision contour boring and turning machines, and surface grinding and boring machines, and contract manufacturing.

Union Butterfield
445 Biltmore Avenue
Asheville, North Carolina 28801-4565
(704) 253-3220
Drills, reamers, combined drills and countersinks, end mills, dies, taps, and miscellaneous other tooling.

Kester Solder
515 East Touhy Avenue
Des Plaines, Illinois 60018-2675
(312) 297-1600

Transfer Agent(s):

Litton Industries, Inc.
Shareholder Services
P.O. Box 5555
Beverly Hills, California 90210-0555

Stock Exchange(s): New York, Pacific

Ticker Symbol: LIT

Number of Employees:

1988	55,000	1985	58,200
1987	54,200	1984	65,500
1986	55,500		

Plant Footage:

1988 ..... 15,161,000 sq. ft. 1987 14,972,000

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)	No. of Com. Shares #	Earn. per Share #
1988	$ 4,863,897	$ 167,033	26,272,899	$ 6.33
1987	4,419,689	138,112	26,614,689	5.16
1986	4,521,005	71,137	27,905,173	2.52
1985	4,590,649	299,471	41,087,109	7.27
1984	4,605,744	313,380	42,256,018	7.32

‡ Includes service revenues; of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues by Line of Business
(000's)

	1988	1987
Industrial systems & services	$ 1,624,793	$ 1,011,403
Advanced electronic sys.	2,399,319	2,336,833
Marine engineering and production	909,825	1,129,836
Intergroup eliminations	(86,567)	(81,073)
Miscellaneous	16,527	22,690
Total	$ 4,863,897	$ 4,419,689

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	1.50	—	—
1984	1.90	2%	—

‡ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share #
1988	$ 1,167,157	$ 45.82
1987	1,045,587	40.28
1986	1,011,687	37.09
1985	931,187	34.17
1984	2,004,787	47.74

‡ After allowing for preferred stock at liquidation value.
# Adjusted to reflect stock dividend.

Income Account
(000's)

Year ended July 31	1988	1987
Sales and service revenues	$ 4,863,897	$ 4,419,689
Cost of sales	3,799,614	3,512,505
Expenses	507,924	453,120
Depreciation	189,075	149,437
Interest expense	75,398	55,594
Income before taxes	$ 291,886	$ 249,033
Income taxes	116,335	110,804
Minority interest	(8,518)	(117)
Net Income	$ 167,033	$ 138,112

Assets
(000's)

As of July 31	1988	1987
Cash & market. secur.	$ 1,140,317	$ 1,229,593
Accts. receiv., net	830,339	740,848
*Inventories	725,781	753,197
Prepaid expenses & taxes	196,060	57,166
Current Assets	$ 2,892,497	$ 2,780,804

Net assets of discont. oper.	76,601	116,360
#Fixed assets	1,235,832	1,166,491
Intangibles	462,576	385,511
Other assets	406,977	431,648
Total Assets	$ 5,074,483	$ 4,880,814

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 47,147	$ 45,531
Accts. payable	639,335	633,203
Payroll expenses	270,901	309,164
Income taxes	153,815	172,625
Cust. deposits & contract liab.	596,696	646,268
Curr. Liabilities	$ 1,707,894	$ 1,806,791
Long-term liabilities	198,503	180,870
Deferred inc. taxes & other items	490,852	351,303
Subord. notes & deben.	1,311,305	1,311,305
Minority interest	190,559	176,762
+Preferred stock: Series B	2,053	2,053
++Common stock	25,425	25,905
Add. paid-in stock	443,349	438,154
Retained earnings	709,442	587,246
Cum. curr. trans. adjust.	(4,899)	425
Total Liabilities & Shareholders' Equity	$ 5,074,483	$ 4,880,814

* Raw materials stated at lower of cost (FIFO) or market. Work in process and finished goods stated at average cost.
# Less accumulated depreciation.
+ $5 par value.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.00	5.63
%Net Income to Sales	3.43	3.12
%Net Income to Equity	14.21	13.11
Debt to Equity	0.21	0.21
Working Capital	$ 1,184,603,000	$ 974,013,000
Current Ratio	1.69	1.54
Shareholders' Equity	$ 1,175,370,000	$ 1,053,783,000

Lockheed Corporation

4500 Park Granada Boulevard
Calabasas, California 91399
(818) 712-2000

Officers: Daniel M. Tellep, chairman of the board & chief executive officer; Robert A. Fuhrman, vice chairman & chief operating officer; Vincent N. Marafino, vice chairman & chief financial & administrative officer; John C. Brizendine, v.p.; R. W. Taylor, group president-Information Systems Group; Val P. Peline, group president-Electronic Systems Group; John N. McMahon, group president-Missiles and Space Systems Group; Louis J. Barnard, v.p.-human resources; Walter B. LaBerge, v.p.-corporate development; Richard A. Reed, president-Electronics Co.; Kenneth W. Cannestra, group president-Aeronautical Systems; Richard K. Cook, v.p.-Washington area; Harry A. Englehart, v.p.-corporate communications; Alan C. Chase, v.p.-business development; D. H. Daniels, v.p.-operations; Jack Freeman, exec. v.p.-finance & administration, Missiles & Space Systems Group; E. L. Graham, exec. v.p.-Aeronautical Systems Group; Robert Northcutt, v.p. & controller; Robert C. Johnson, v.p.-contracts & pricing; Dean O. Allen, v.p.-information & administrative services; Robert P. Caren, v.p.-science & engineering; E. Douglas Sargent, president-Lockheed Space Operations Co.; Joseph G. Twomey, v.p. & general counsel; Raymond Capiaux, v.p. & gen. mgr.-Astronautics Division; Robert Young, president-Engineering & Management Services Co.; Anthony G. Van Schaick, v.p. & treasurer; Robert B. Young, Jr., president-Engineering & Sciences Company, Inc.; Donald C. Jones, president & gen. mgr.-Missile Systems Division; A. Gene Otsea, asst. treasurer; David B. Bowman, v.p., secretary & asst. general counsel; Minoru S. Araki, exec. v.p.-plans & programs, Missiles and Space Systems Group; Harold T. Bowling, president-Lockheed Aircraft Service Co.; H. Barden Allison, II, exec. v.p. & gen. mgr.-Aeronautical Systems Company, Georgia; John R. Kreick, president-Sanders Associates, Inc.; William P. Conlin, president-CalComp; Robert C. Gusman, asst. secretary; Donald C. Latham, president & gen. mgr.-C3I, Missiles & Space Company, Inc.; Glenn M. Laden, v.p. & gen. mgr.-Missiles & Space Company, Inc., Austin; Stanley I. Weiss, v.p. & gen. mgr.-research & development, Missiles & Space Company, Inc.; Vance D. Coffman, president & gen. mgr.-space systems, Missiles & Space Company, Inc.; Ben R. Rich, exec. v.p. & gen. mgr.-advanced development projects, Aeronautical Systems; Sherman N. Mullin, v.p. & gen. mgr.-advanced tactical fighter programs, Aeronautical Systems; Barton Krawetz, exec. v.p. & gen. mgr.-research & technology, Aeronautical Systems.

Directors: Roy A. Anderson*, Michael Berberian, Joseph P. Downer, Houston I. Flournoy, Robert A. Fuhrman, Vincent N. Marafino, Lawrence O. Kitchen*, Jack L. Bowers*, Joseph J. Pinola*, Jack K. Horton*, John E. Swearingen, James F. Gibbons, Warren Christopher*, David S. Potter, Daniel M. Tellep, James R. Ukropina.

* Member of the Executive Committee

Areas of Work: The company is engaged in the manufacture of military and commercial aircraft; space and missile programs, aircraft servicing; data recording and analysis systems; electronic marine equipment; aircraft training aids; electronic countermeasure systems; tactical and airborne radar, spacecraft and commercial recorders; gunfire controls; checkout and test equipment; fuel oil computer registers; computer memory systems and components; computer graphics equipment; computer services; deep submergence vehicles; information systems; management systems; environmental monitoring and clean-up.

Divisions and Subsidiaries:

Lockheed Aircraft Service Company
Ontario, California 91761
(714) 988-2411

Lockheed Aeronautical Systems Company
Burbank, California 91520

Lockheed-Georgia Company
Marietta, Georgia 30063
(404) 424-9411

Lockheed Electronics Company, Inc.
Plainfield, New Jersey 07061
(201) 757-1600

Lockheed Missiles & Space Company, Inc.
Sunnyvale, California 94088
(408) 742-4321

Lockheed Air Terminal, Inc.
Burbank, California 91510
(818) 847-6121

Lockheed Finance Corporation
Burbank, California 91502

Lockheed Corporation International
Calabasas, California 91399

Calcomp
Anaheim, California 92803

Datacom Systems Corporation
Teaneck, New Jersey 07666

CADAM, Inc.
Burbank, California 91504

Lockheed DataPlan, Inc.
Los Gatos, California 95030

Lockheed Engineering & Sciences Company, Inc.
Houston, Texas 77058

Lockheed Space Operations Company
Titusville, Florida 32780

Metier Inc.
Burbank, California 91505

Lockheed Aeromod Center, Inc.

Lockheed Support Systems, Inc.

Murdock Engineering Company

Avicom International, Inc.

Sanders Associates, Inc.
Daniel Webster Highway South
Nashua, New Hampshire 03061
(603) 885-4321
Engaged in the production of electronic countermeasure systems, air defense radars, graphic displays, microwave components, and printed circuitry.

Transfer Agent(s):

First Interstate Bank
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): New York, Pacific, Amsterdam, London, Geneva, Lausanne, Zurich, Basel

Ticker Symbol: LK

Number of Employees:

1988	86,800	1985	87,800
1987	99,300	1984	81,300
1986	96,900		

Plant Footage:

1988 ..... 39,831,000 sq. ft.

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 10,590,000	$ 624,000
1987	11,223,000	421,000
1986	10,080,000	408,000
1985	9,313,000	401,000
1984	7,821,000	344,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	60,200,000	$ 10.37
1987	65,700,000	6.41
1986	66,000,000	6.18
1985	65,700,000	6.10
1984	64,900,000	5.28

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Missiles & space syst.	$ 5,411,000	$ 5,233,000
Aeronautical syst.	3,728,000	4,586,000
Electronic syst.	831,000	862,000
Information syst.	620,000	542,000
Total	$ 10,590,000	$ 11,223,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.55	—	—
1987	1.30	—	
1986	0.95	—	—
1985	0.75	—	—
1984	0.45	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	$ 2,476,000	$ 41.75
1987	2,087,000	33.31
1986	1,866,000	28.44
1985	1,511,000	23.17
1984	1,152,000	17.81

Income Account *
(000's)

Year ended	12/25/88	12/27/87
Net sales	$ 10,590,000	$ 11,223,000
Cost of sales & exp.	9,908,000	10,422,000
Other expense (income)	9,000	(16,000)
Interest expense	93,000	105,000
Income before taxes	$ 580,000	$ 712,000
Income taxes	138,000	285,000
Inc. - cont. oper	$ 442,000	$ 427,000
Inc. (loss) - discont. oper.	182,000	(6,000)
Net Income	$ 624,000	$ 421,000

* Included in Costs and Expenses, Depreciation and Amortization: $375,000,000 in 1988 and $350,000,000 in 1987.

Assets
(000's)

As of	12/25/88	12/27/87
Cash	$ 269,000	$ 40,000
Accts. receiv., net	1,816,000	1,868,000
*Inventories	1,067,000	1,069,000
Other curr. assets	140,000	187,000
Current Assets	$ 3,292,000	$ 3,164,000
#Fixed assets	1,858,000	1,828,000
Intangibles	890,000	915,000
Other assets	603,000	553,000
Total Assets	$ 6,643,000	$ 6,460,000

Liabilities
(000's)

	12/25/88	12/27/87
Short-term bank borrowings	$ 181,000	$ 156,000
Long-term debt, curr.	209,000	314,000
Accts. payable	849,000	807,000
Customer advances	126,000	97,000
Deferred inc. taxes	1,268,000	1,148,000
Accrued payroll	331,000	342,000
Other liabilities	640,000	591,000
Curr. Liabilities	$ 3,604,000	$ 3,455,000
Long-term debt	563,000	918,000
+Common stock	66,000	66,000
Add. paid-in capital	484,000	473,000
Retained earnings	2,205,000	1,674,000
Treasury stock	(279,000)	(126,000)
Total Liabilities & Shareholders' Equity	$ 6,643,000	$ 6,460,000

* At lower of cost or estimated realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	25.20	20.17
Sales to Inventories	9.93	10.50
Debt to Equity	0.38	0.67
Shareholders' Equity	$ 2,476,000,000	$ 2,087,000,000

Logicon, Inc.

3701 Skypark Drive
Torrance, California 90505-4794
(213) 373-0220

Officers: John R. Woodhull, president & chief exec. officer; Robert G. Walden, sr. v.p. & chief financial officer; Donald L. Farr, v.p.; Frank T. Cummings, v.p.; Hugh E. Beatty, v.p.; R. Dean Hartwick, v.p.; Dan B. Wallace, v.p.; James E. Dalton, v.p.; Vincent R. Grillo, v.p.; Ralph L. Webster, v.p. & controller; E. Benjamin Mitchell, Jr., secretary & general counsel; .

Directors: John R. Woodhull*, John K. Brigden, W. Edgar Jessup, Jr.*, Robert S. Dickerman, John R. Johnson, Roland R. Speers*, Robert S. Dickerman, Allen E. Puckett.

* Member of the Executive Committee

Areas of Work: Provides electronic systems, analysis of military operations, research in the physical sciences and related professional services to industry and government.

Divisions and Subsidiaries:

Operating Systems Division
Arlington, Virginia

R&D Associates
Marina del Rey, California

Strategic and Information Systems Division
255 West Fifth Street
San Pedro, California 90731
(213) 831-0611

Tactical and Training Systems Division
Sorrento Valley Boulevard
San Diego, California 92121
(714) 455-1330

Logicon Technical Services, Inc.
Torrance, California

Control Dynamics Company
Huntsville, Alabama
Automatic control and dynamics engineering for military and space applications.

Transfer Agent(s):

First Interstate Bank of California
Calabasas, California 90017

Stock Exchange(s): New York

Ticker Symbol: LGN

Number of Employees:

1989	2,553	1986	2,500
1988	2,529	1985	2,100
1987	2,382		

Plant Footage:

1989	1,037,000 sq. ft.	1986	613,000
1988	837,000	1985	613,000
1987	750,000		

Sales & Earnings

	Revenues †	Net Income
1989	$ 232,406,000	$ 9,648,000
1988	218,886,000	9,068,000
1987	204,773,000	6,071,000
1986	200,474,000	10,019,000
1985	168,256,000	8,247,000

	No. of Com. Shares	Earn. per Share +
1989	4,534,000	$ 2.13
1988	4,498,000	1.93
1987	4,758,000	1.27
1986	4,682,000	2.10
1985	4,486,000	1.79

† Of continuing operations only.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	$ 0.34	—	—
1988	0.31	—	
1987	0.27	—	—
1986	0.23	—	—
1985	0.19	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 68,707,000	$ 15.15
1988	60,479,000	13.45
1987	57,952,000	12.18
1986	52,486,000	11.21
1985	41,178,000	9.18

Income Account *

Year ended March 31	1989	1988
Services & products	$ 231,373,000	$ 217,550,000
Interest	1,033,000	1,336,000
Total income	$ 232,406,000	$ 218,886,000
Cost of services	182,033,000	170,301,000
Prov. for contract loss	2,800,000	2,500,000
Expenses	31,838,000	31,389,000
Income before taxes	$ 15,735,000	$ 14,696,000
Income taxes	6,087,000	5,628,000
Net Income	$ 9,648,000	$ 9,068,000

* Included in Costs and Expenses, Depreciation and Amoritization: $3,589,000 in 1989 and $2,978,000 in 1988.

Assets

As of March 31	1989	1988
Cash	$ 2,313,000	$ 3,904,000
Short-term invest.	18,855,000	9,328,000
Acct. receiv., net	68,891,000	63,597,000
Prepaid expenses	1,876,000	1,572,000
Current Assets	$ 91,935,000	$ 78,401,000
#Fixed assets	7,654,000	7,544,000
Total Assets	$ 99,589,000	$ 85,945,000

Liabilities

	1989	1988
Accts. payable & accruals	$ 8,920,000	$ 7,081,000
Accrued payroll	14,898,000	15,004,000
Income taxes	7,064,000	3,381,000
Curr. Liabilities	$ 30,882,000	$ 25,466,000
+Common stock	454,000	450,000
Add. paid-in capital	8,494,000	7,750,000
Retained earnings	60,618,000	52,508,000
Unearned compensation	(859,000)	(229,000)
Total Liabilities & Shareholders' Equity	$ 99,589,000	$ 85,945,000

# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.80	6.76
%Net Income to Sales	4.17	4.17
%Net Income to Equity	14.04	14.99
Working Capital	$ 61,053,000	$ 52,935,000
Current Ratio	2.98	3.08
Shareholders' Equity	$ 68,707,000	$ 60,479,000

LogiMetrics, Inc.

121-03 duPont Street
Plainview, New York 11803
(516) 349-1700

Officers: Murray H. Feigenbaum, president; Jerome Deutsch, exec. v.p.; George Rabin, v.p.-operations; Eugene Blum, v.p.-marketing.

Directors: Murray H. Feigenbaum, Alfred Mendelsohn, Jerome Deutsch, Ralph Wertheimer, George Rabin.

Areas of Work: Engaged in the development, manufacture and sale of traveling wave tube amplifiers, radio frequency signal generators, and complete electronic test systems.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	85	1984	66
1986	75	1983	47
1985	N.A.		

Plant Footage:

1987	26,000 sq. ft.	1984	20,000
1986	26,000	1983	18,000
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income #
1987	$ 9,240,827	$ 225,891
1986	7,742,585	794,779
1985	7,339,642	(221,769)
1984	6,890,042	130,282
1983	4,863,799	187,045

	No. of Com. Shares +	Earn. per Share ‡ #
1987	2,630,690	$ 0.07
1986	2,616,940	0.33
1985	1,865,577	—
1984	1,861,952	0.06
1983	1,557,952	0.09

(Loss)
+ Class A and Class B common shares combined adjusted to reflect stock split.
‡ Based on the weighted average number of Class A and Class B common shares combined adjusted to reflect stock split.
# Including extraordinary gains of $617,062 ($0.26 per share) in 1986, $68,000 ($0.03 per share) in 1984 and $73,900 ($0.03 per share) in 1983.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	25%	

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 2,505,608	$ 0.95
1986	2,267,216	0.87
1985	1,465,188	0.79
1984	1,683,857	0.90
1983	1,529,375	0.98

‡ Based on Class A and Class B common shares combined adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 9,240,827	$ 7,742,585
Cost of sales	6,754,473	5,544,723
Expenses	1,787,250	1,579,540
Interest expense	280,787	289,216
Income bef. taxes	$ 418,317	$ 329,106
Income taxes	192,426	151,389
Net Income	$ 225,891	$ 177,717
Extraord. gain	—	617,062
Net Income & extraord. gain	$ 225,891	$ 794,779

* Included in Costs and Expenses, Depreciation and Amortization: $169,144 in 1987 and $134,033 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 83,192	$ 68,396
Accts. receiv., net	1,974,140	811,430
Costs in exc. of billings	3,049,029	3,688,045
*Inventories	1,681,267	1,624,799
Prepaid exp. & other assets	43,748	57,261
Current Assets	$ 6,831,376	$ 6,249,311
# Fixed assets	717,226	792,430
Other assets	68,604	79,679
Total Assets	$ 7,617,206	$ 7,122,040

Liabilities

	1987	1986
Accts. payable & accruals	$ 1,369,465	$ 1,706,615
Long-term debt, curr.	188,627	137,467
Deferred inc. taxes	599,424	406,998
Curr. Liabilities	$ 2,157,516	$ 2,251,080
Long-term debt	2,954,082	2,603,743
+ Common Stock		
Class A	238,069	236,694
Class B	25,000	25,000
Add. paid-in capital	2,092,847	2,091,472
Retained earnings	507,692	281,801
Stock subscrip. receiv.	(358,000)	(367,750)
Total Liabilities & Shareholders' Equity	$ 7,617,206	$ 7,122,040

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

	1987	1986
%Income bef. Taxes to Sales	4.53	4.25
%Net Income to Sales	2.44	2.30
%Net Income to Equity	9.02	7.84
Sales to Inventories	5.50	4.77
Debt to Equity	1.25	1.21
Working Capital	$ 4,673,860	$ 3,988,231
Current Ratio	3.17	2.78
Shareholders' Equity	$ 2,505,608	$ 2,267,217

Loral Corporation

600 Third Avenue
New York, New York 10016
(212) 697-1105

Officers: Bernard L. Schwartz, chairman of the board & chief executive officer; Frank C. Lanza, president & chief operating officer; Michael P. DeBlasio, sr. v.p.-finance; Stephen L. Jackson, v.p.-administration; Robert V. LaPenta, v.p. & controller; Michael B. Targoff, v.p., gen. counsel & secretary; Gerard E. Dorsey, treasurer; Harry Emerzian, group v.p.-Microwave; Robert Welte, v.p. & president-Loral Electronic Systems; William F. Gates, v.p. & pres.-Loral Randtron Systems; Elizabeth Heller Allen, dir.-communications; Bertram Bell, asst. v.p.; Lisa Stein, asst. secretary; Harold Penn, asst. treasurer.

Directors: Bernard L. Schwartz*, chairman; Homer Chapin, Robert B. Hodes*, Gershon Kekst*, E. Donald Shapiro, Allen Shinn, Malvin Ruderman, Frank C. Lanza, Daniel Yankelovich, Thomas J. Stanton, Jr..

* Member of the Executive Committee

Area of Work: Designs, develops and manufactures electronics products including systems and components for airborne and shipboard self-protection, antisubmarine warfare, scene correlation guidance and target recognition including high-resolution imaging, C3 (command, control, communications) reconnaissance, and simulation for military training.

Divisions and Subsidiaries:

Loral Systems Manufacturing Company
Hauppauge, New York

Loral Defense Systems-Akron
1210 Massillon Road
Akron, Ohio 44315
(216) 796-4929
Manufactures undersea warfare systems; tactical ordnance systems; guidance & control systems; digital data processors; recovery and retardation systems; simulators and trainers.

Loral Defense Systems-Arizona
Phoenix, Arizona
Manufactures synthetic aperture airborne reconnaissance systems; radar systems; guidance & control systems, simulators & trainers; geoscience mapping services; target recognition image processor; missile ground support, transport & launch systems; shelters; transparent plastic products.

Loral Electronic Systems
Ridge Hill
Yonkers, New York 10710
(914) 968-2500
Develops and manufactures airborne radar warning receivers, self-protection systems, electronic surveillance systems, targeting systems, electronic environment simulators.

Loral Conic
9020 Balboa Avenue
San Diego, California 92123
(714) 279-0411
Supplies telemetry equipment for military applications.

Loral Randtron Systems
130 Constitution Drive
Menlo Park, California 94025
(415) 326-9500
Advanced microwave antenna assemblies.

Loral International
999 Central Park Avenue
Yonkers, New York 10704
(914) 964-6534
Systems design and foreign marketing.

Loral Rolm Mil-Spec Computers
One River Oaks Place
San Jose, California 95134
(408) 432-8000
Militarized computers and software for defense electronic systems in shipboard, airborne, and ground-based applications.

Loral Electro-Optical Systems
P.O. Box 7101
300 North Halstead Street
Pasadena, California
(818) 351-3555
Infrared countermeasures, laser-based simulation systems for military training, electro-optical devices, space power sub-systems.

Loral Instrumentation
8401 Aero Drive
San Diego, California 92123
(619) 560-6260
Data acquisition and analysis systems for real time applications.

Loral Information Display Systems
6765 Peachtree Industrial Boulevard
Atlanta, Georgia 30360
(404) 448-1604
Information and graphic display systems.

Narda Microwave
435 Moreland Road
Hauppauge, New York 11788
(516) 231-1700
Passive and active microwave components, integrated microwave assembles, test equipment.

Loral Corporation

Narda Microwave Western Operation
214 Devcon Drive
San Jose, California 95112
(408) 995-0600

Passive and active microwave components, GaAs FET semiconductors, integrated assembles.

Frequency Sources
16 Maple Road
Chelmsford, Massachusetts 01824
(617) 256-4113

Passive and active microwave components, specialized semiconductors, integrated assembles.

Loral TerraCom
9020 Balboa Avenue
San Diego, California 92123
(619) 278-4100

Portable microwave and high-frequency tactical radios.

Loral American Beryllium
Sarasota, Florida

Precision-machined exotic metals for aerospace and energy applications.

Loral Hycor
North Woburn Industrial Park
Woburn, Massachusetts 01801
(617) 935-5950

Radar and infrared expendable countermeasures systems for shipboard and aircraft defense.

Wavecom
9036 Winneka Avenue
Northridge, California 91324
(818) 882-3010

High-reliability microwave filters, electro-mechanical switches, and components for satellite applications.

Transfer Agent(s):

First Interstate Trust Company of New York
2 Broadway
New York, New York 10004

Stock Exchange(s): New York

Ticker Symbol: LOR

Number of Employees:

1989	N.A.	1986	7,500
1988	13,700	1985	6,500
1987	14,500		

Plant Footage:

1989	N.A.	1988	7,885,000 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1989	$ 1,187,042,000	$ 87,644,000
1988	1,135,692,000	74,342,000
1987	675,554,000	57,460,000
1986	663,818,000	52,993,000
1985	502,287,000	42,052,000

	No. of Com. Shares ‡	Earn. per Share x
1989	25,515,000	$ 3.50
1988	25,320,000	3.01
1987	24,015,000	2.35
1986	23,691,000	2.21
1985	23,355,000	1.79

+ Of continuing operations only.
‡ Adjusted to reflect stock split.
x Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.72	—	—
1987	0.64	—	
1986	0.60	—	—
1985	0.52	—	—
1984	0.44	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 517,900,000	$ 20.30
1988	438,297,000	17.31
1987	362,899,000	15.11
1986	309,346,000	13.06
1985	260,115,000	11.14

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended March 31	1989	1988
Net sales	$ 1,187,042	$ 1,135,692
Cost of sales & expenses	1,054,235	1,014,631
Interest income	(1,557)	(2,815)
Interest expense	39,475	45,523
Income before taxes	$ 94,889	$ 78,353
Income taxes	34,571	28,967
Inc.-cont. oper.	$ 60,318	$ 49,386
Inc-discont. oper.	27,326	24,956
Net Income	$ 87,644	$ 74,342

* Included in Costs and Expenses, Depreciation and Amortization: $66,229,000 in 1989 and $63,247,000 in 1988.

Assets
(000's)

As of March 31	1989	1988
Cash & market. secur.	$ 87,481	$ 24,090
Accts. receiv.	246,632	246,624
*Inventories	226,689	207,749
Other curr. assets	9,645	11,964
Net assets held for sale	327,757	301,784
Current Assets	$ 898,204	$ 792,211
#Fixed assets	325,413	347,082
Intangibles	207,257	195,762
Other assets	30,580	28,917
Total Assets	$ 1,461,454	$ 1,363,972

Liabilities
(000's)

Long-term debt, curr.	$ 140,441	$ 1,189
Accts. payable	91,339	112,870
Accrued salaries & wages	38,816	45,058
Income taxes	82,206	65,911
Other curr. liab.	82,555	67,097
Curr. liabilities	$ 435,357	$ 292,125
Long-term liabilities	47,169	25,497
Long-term debt	423,158	583,642
Deferred inc. taxes	37,870	24,411
+Common stock	6,381	6,341
Add. paid-in capital	163,723	161,034
Retained earnings	369,839	300,001
Treasury stock	(214)	(1,930)
Unearned restricted stock	(21,829)	(27,149)
Total Liabilities & Shareholders' Equity	$ 1,461,454	$ 1,363,972

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Net Income to Equity	16.92	16.96
Sales to Inventories	5.24	5.47
Debt to Equity	1.09	1.33
Working Capital	$ 462,847,000	$ 500,086,000
Current Ratio	2.06	2.71
Shareholders' Equity	$ 517,900,000	$ 438,297,000

LSI Logic Corporation

1551 McCarthy Boulevard
Milpitas, California 95035
(408) 433-8000

Officers: Wilfred J. Corrigan, chairman & chief exec. officer; George D. Wells, president & chief operating officer; Robert N. Blair, v.p.-U.S. marketing & sales; Perry C. Constantine, pres.-LSI Logic Corporation of Canada, Inc.; Keiske K. Yawata, pres.-LSI Logic K.K. (Japan); William J. O'Meara, pres.-G2 Incorporated; Gerald B. Thomas, pres.-LSI Logic Europe plc; Robert M. Walker, v.p.-technical marketing services; Murray L. McLachlan, v.p. & chief development officer; D. Scott Mercer, v.p. & chief financial officer; Norman W. Chanoski, v.p.-Military/Aerospace; Conrad J. Dell'Oca, v.p.-research & development; Steven S. Chan, v.p.-ASIC design; Lewis C. Wallbridge, v.p.-industrial relations & corp. services; Raymond F. Fritz, v.p. & controller; Cyril F. Hannon, v.p.-components & technology; James S. Keford, v.p.-software & computer services; Ven L. Lee, v.p.-engineering services; Joseph M. Zelayeta, v.p.-wafer manufacturing operations; Bruce L. Entin, v.p.-investor relations & corp. communications; Brian L. Halla, v.p.-microprocessor products; Robert M. Skinner, v.p.-U.S. sales.

Directors: Wilfred J. Corrigan, chairman; George D. Wells, James H. Keyes, Thomas J. Perkins, Larry W. Sonsini.

Areas of Work: Engaged in the design, development, manufacture and marketing of application-specific integrated circuits for use in electronic data processing, the military, aerospace and telecommunications industries. The Company also designs and manufactures standard products, including microprocessors and digital signal processing circuits, as well as chip sets and graphic adaptor boards aimed primarily at the personal computer industry.

Major Subsidiaries:

LSI Logic Europe plc
Grenville Place
The Ring
Bracknell, Berkshire RG121BP, United Kingdom

LSI Logic K.K.
Kokusai-Shin Akasaka
6-1-20 Akasaka, Minato-ku
Tokyo, 107, Japan

LSI Logic Corporation of Canada, Inc.
Petro-Canada Centre, Suite 3410
150-6th Avenue SW
Calgary, Alberta T2P 3Y7, Canada

Nihon Semiconductor Inc.
10, Kitahara, Tsukuba-city
Ibaraki-ken, Japan

G2 Incorporated
100 Homeland Courtulevard
San Jose, California 95112
(408) 452-8322

Markets high volume, highly integrated logic and graphic chip sets for the personal computer marketplace.

Acquisition:

Video Seven Inc.

Designs and manufactures high-performance video graphics adaptors utilizing application-specific integrated circuit technology.

Transfer Agent(s):

Bank of America NT & SA
555 California Street
San Francisco, California 94104

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LLSI (NASDAQ)

Number of Employees:

1988	3,229	1985	1,380
1987	2,322	1984	1,077
1986	1,821		

Plant Footage:

1988 .... 1,100,000 sq. ft. 1987 1,061,472

Sales & Earnings

	Revenues	Net Income †
1988	$ 378,908,000	$ 24,702,000
1987	262,131,000	11,340,000
1986	194,335,000	3,855,000
1985	140,012,000	10,114,000
1984	84,486,000	15,457,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	41,133,000	$ 0.60
1987	40,674,000	0.28
1986	40,191,000	0.10
1985	39,372,000	0.26
1984	38,938,000	0.40

† Including extraordinary gains of $859,000 ($0.02 per share) in 1988 and $594,000 ($0.01 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987	1986
Components	74 %	63 %	53 %
Design & Technology serv.	26	37	47
Total	100 %	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 331,604,000	$ 8.06
1987	308,230,000	7.58
1986	250,989,000	6.24
1985	231,527,000	5.88
1984	205,517,000	5.28

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 378,908	$ 262,131
Cost of sales	235,671	168,403
Expenses	117,109	84,645
Interest expense	11,347	9,903
Interest income	(16,421)	(18,114)
Income before taxes	$ 31,202	$ 17,294
Income taxes	12,982	7,031
Minority interest	(5,623)	(483)
Net Income	$ 23,843	$ 10,746
Extraord. gain	859	594
Net Income & extraord. gain	$ 24,702	$ 11,340

* Included in Costs and Expenses, Depreciation and Amortization: $54,713,000 in 1988 and $40,639,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term invest.	$ 203,618	$ 267,298
Accts. receiv., net	101,640	59,031
*Inventories	112,225	51,195
Prepaid exp. & other curr. assets	7,245	5,006
Current Assets	$ 424,728	$ 382,530
#Fixed assets	334,510	290,479
Other assets	28,261	26,389
Total Assets	$ 787,499	$ 699,398

Liabilities
(000's)

Long-term debt, curr.	$ 34,818	$ 3,169
Accounts payable	61,414	39,477
Accrued payroll	11,061	7,299
Accrued interest	4,950	5,404
Other accruals	16,334	14,946
Income taxes	1,761	1,877
Curr. Liabilities	$ 130,338	$ 72,172
Long-term debt	191,857	187,909
Minority interest	111,970	116,225
Deferred inc. taxes	21,730	14,862
+ Common stock	405	401
Add. paid-in capital	214,792	212,075
Retained earnings	72,341	47,639
Cum. trans. adjust.	44,066	48,115
Total Liabilities & Shareholders' Equity	$ 787,499	$ 699,398

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.23	6.60
%Net Income to Sales	6.29	4.10
%Net Income to Equity	7.19	3.49
Sales to Inventories	3.38	5.12
Debt to Equity	0.68	0.62
Working Capital	$ 294,390,000	$ 310,358,000
Current Ratio	3.26	5.30
Shareholders' Equity	$ 331,604,000	$ 308,230,000

The LTV Corporation

(Operating under Chapter 11 of the U.S. Bankruptcy Code.)

P.O. Box 655003
Dallas, Texas 75265-5003
(214) 742-9555

Officers: Raymond A. Hay, chairman of the board & chief exec. officer; Julian Scheer, sr. v.p.-corporate affairs; G. Emmett Smith, sr. v.p. & general counsel; David H. Hoag, exec. v.p.president & chief executive-LTV Steel Co.; James F. Powers, sr. v.p. & chief financial officer; Roger A. Dunn, sr. v.p.-human resources; Robert N. Parker, group v.p. & president-LTV Missiles and Electronics Group; Billie M. Smith, group v.p. & president-LTV Aircraft Products Group; Maxine C. Champion, v.p.-government relations; K. C. Caldabaugh, v.p. & treasurer; William P. Twomey, v.p. & controller; Hal C. Hedrick, Jr., secretary.

Directors: Raymold A. Hay*, chairman; David H. Hoag*, William H. Bricker*, Edward C. Joullian, III*, James M. Roche, Roy H. Holdt, John C. Evans, Donald A. Hicks, B. Charles Ames, George E. Solomon, Colin C. Blaydon, James F. Powers.

* Member of the Executive Committee

Areas of Work: A multi-industry operating company involved in steel, aerospace/defense and energy products. It is a primary supplier of steel products to the automotive, appliance and construction industries; missiles, aircraft components, tactical wheeled vehicles and electronics to the defense and commercial aerospace markets, and tubular products, oil field supplies, and drilling and production equipment to the petroleum industry.

Divisions and Subsidiaries:

LTV Energy Products Company
Product line includes a complete range of drilling equipment such as derricks, drawworks, mud pumps, swivels, blocks, rotary machines and other complementary equipment for landbased and offshore rigs, surface and subsurface production equipment and slurry pumping equipment. Also manufactures marine transfer systems used to load and unload large volumes of petroleum products to and from oil tankers.

LTV Aerospace & Defense Company
Aircraft Products Group Primarily a subcontractor for military and commercial aircraft structures and components and advanced development programs. Also provides programs to modernize, upgrade and support military aircraft previously produced by the Company. Missiles and Electronics Group Engaged in the design, research and development, and/or production of missiles and rocket systems, space defense systems and other defense products. Also makes precision guidance and position-tracking radar systems, tactical data links, aircraft station-keeping systems, airborne platform/telemetry relay systems and flight inspection and tactical air navigation systems, and produces and sells military wheeled vehicles (the "Hummer") and service parts for the vehicles previously sold, primarily to agencies of the U.S. and foreign governments.
AM General Corporation

LTV Steel Company, Inc.
Manufactures hot and cold rolled sheet for the automotive and consumer durable goods markets.

Transfer Agent(s):

MBank Dallas
P.O. Box 655415
Dallas, Texas 75265-5415

Stock Exchange(s): New York, Pacific

Ticker Symbol: QLTV

Number of Employees:

1988	38,800	1985	56,800
1987	48,200	1984	58,600
1986	48,300		

Sales & Earnings

	Net Sales † (000's)	Net Income + (000's)
1988	$ 7,324,700	$ (3,153,600)
1987	7,581,800	502,600
1986x	7,271,400	(3,268,300)
1985	8,198,800	(723,900)
1984	7,046,100	(378,200)

	No. of Com. Shares	Earn. per Shares + ‡
1988	104,729,398	$ —
1987	100,264,408	4.24
1986x	94,727,919	—
1985	88,559,104	—
1984	83,186,066	—

(Loss)
x Restated to reflect change in accounting for income taxes.
† Of continuing operation only.
+ Including extraordinary gain of $47,600,000 in 1985.
‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Steel	$ 4,874,000	$ 4,806,000
Aircraft prods.	867,000	1,026,000
Missiles & electronics	1,333,000	1,526,000
Energy prods. & serv.	291,000	258,000
Interseg. sales	(40,000)	(34,000)
Total	$ 7,325,000	$ 7,582,000

Common Stock Equity
(000's)

	Total Equity +	Equity Per Share
1988	$ (5,193,700)	$ —
1987	(2,052,900)	—
1986x	(2,587,200)	—
1985	640,600	4.02
1984	1,354,600	12.87

(Deficiency)
x Restated
+ After allowing for preferred stock at par values.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales & revenues	$ 7,324,700	$ 7,581,800
Cost of sales	6,299,300	6,448,200
Expenses	367,900	355,500
Depreciation & amortization	242,000	250,400
Special charges	1,346,200	—
Int. & debt discount	7,500	28,200
Int. & other income	(102,800)	(52,200)
Chap. XI adm. exp	30,000	29,000
Inc. (loss) bef. taxes	$ (865,400)	$ 522,700
Income taxes	25,200	20,100
Cum. effect of acct. change	2,263,000	—
Net Income (Loss)	$ (3,153,600)	$ 502,600

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. invest.	$ 1,008,600	$ 585,400
Receivables-net	746,400	784,100
*Inventories	1,109,200	1,239,200
Other curr. assets	64,200	92,300
Current Assets	$ 2,928,400	$ 2,701,000
Investments & other assets	594,100	311,800
#Fixed assets	2,640,500	2,693,300
Total Assets	$ 6,163,000	$ 5,706,100

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 3,300	$ 5,000
Accts. payable	420,100	418,900
Accrued compensation	455,100	384,600
Other accruals	246,200	253,400
Income taxes	8,900	22,400
Curr. Liabilities	$ 1,133,600	$ 1,084,300
Long-term debt	18,500	25,200
Emp. comp. & benefits	2,662,400	34,200
Plant rationalization	509,300	227,200
Other liab.	87,200	81,500
Liab. deferred pursuant to Chap. XI proc.	6,838,700	6,194,700
+Series A & Series C preferred stock-mandatory redemp.	96,700	100,500
++Series B pref. stock	6,000	6,000
+++Series D pref. stock	4,300	5,200
++++Class AA special stock	—	200
+++++Common stock	52,300	50,100
Add. paid-in capital	1,648,700	1,641,900
Retained earnings (deficit)	(6,800,600)	(3,647,000)
Exc. of redemp. value over par Series A & Series C pref.	(94,100)	(97,900)
Total Liabilities & Shareholders Equity	$ 6,163,000	$ 5,706,100

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $5 par value; $5 cumulative-Series A. $1 par value; $5.25 cumulative--Series C.
++ $1 par value; $3.06 cumulative.
+++ $1 par value; $1.25 cumulative.
++++ $0.50 par value; 3% cumulative.
+++++ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.89
%Net Income to Sales	—	6.63
Working Capital (000's)	$ 1,794,800	$ 1,616,700
Current Ratio	2.58	2.49
Shareholders' Equity (Deficiency) (000's)	$ (5,183,400)	$ (2,041,500)

Lucas Industries plc

Great King Street
Birmingham B19 2XF, England

Officers: A. K. Gill, chairman & chief executive; R. Brown, finance director; R. A. Dale, managing director-automotive; A. K. Watkins, managing director-aerospace; G. M. Norris, secretary.

Directors: Sam Edwards, John F. C. Hull, Jean-Maxime Leveque, C. G. Southgate, J. White, A. K. Gill, R. Brown, R. A. Dale, A. K. Watkins.

Areas of Work: Manufactures electrical, electronic, hydraulic and mechanical equipment used on internal combustion, diesel and gas turbine engines, road and rail vehicles, ships, aircraft, defense and industrial applications.

Subsidiaries (United Kingdom):

Leslie Hartridge Ltd.
Lucas Aerospace Ltd.
Lucas Bradley Electronics Ltd.
Lucas Bryce Ltd.
Lucas CEL Instruments Ltd.
Lucas Dawe Ultrasonics Ltd.
Lucas Engineering & Systems Ltd.
Lucas Fluid Power Ltd.
Grau Girling Ltd.
Lucas Industrial Systems Ltd.
Lucas Kienzle Instruments Ltd. (60% owned)
Lucas NSF Ltd.
Lucas Semicomps Ltd.
Lucas Aerospace UK Ltd.
Lucas Stability Electronics Ltd.
Lucas Trading Ltd.
Rists Ltd.
Lucas Autocentres Ltd.
Lucas Service UK Ltd.
Lucas Duralith Ltd.
Lucas Industrial Components Ltd.
Lucas Industrial Measurement Ltd.
Lucas NSF Controls Ltd.
Schaevitz EM Ltd.
Lucas Yuasa Batteries Ltd. (50% owned)
Lucas Methode Connectors Ltd.

Subsidiaries (U.S.A.):

Lucas AUL Inc.
Lucas Duralith Corporation
Hartridge Equipment Corporation
Ledex Inc.
Lucas Fluid Power Inc.
Lucas Industries Inc.
Lucas Aerospace Inc.
Lucas Weinschel Inc.
Lucas Western Inc.
OB Transit Products Inc. (80% owned)
Grason-Stadler Inc.
Rucker Fluid Power Inc.
Schaevitz Engineering Inc.
Seals & Engineering Inc.

Stock Exchange(s): London

Number of Employees:

1988	59,047	1985	64,855
1987	62,572	1984	65,845
1986	64,087		

Sales & Earnings

	Net Sales	Net Income †
1988	£1,972,100,000	£ 146,300,000
1987	1,820,400,000	114,500,000
1986	1,715,600,000	95,200,000
1985	1,588,200,000	57,800,000
1984	1,518,800,000	32,600,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	141,700,000	79.4p
1987	126,700,000	65.3
1986	N.A.	55.1
1985	N.A.	40.3
1984	N.A.	16.8

N. A. - Not Available.
£ - pound sterling
p - pence
† Income before taxes, minority interests and extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Aerospace	£ 531,400,000	£ 431,800,000
Automotive	1,213,200,000	1,212,400,000
Industrial	227,500,000	176,200,000
Total	£1,972,100,000	£1,820,400,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	21.0p	—	—
1987	15.7	—	
1986	12.8	—	—
1985	10.4	—	—
1984	8.1	—	—

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1988	£ 660,900,000	£ 4.66
1987	480,500,000	3.79
1986	501,500,000	—

† After allowing for preferred stock at stated values.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended July 31	1988	1987
Net sales	£ 1,833,100	£ 1,670,600
Cost of sales	686,700	644,100
Wages & salaries exp.	628,700	582,800
Depreciation	51,200	49,000
Other oper. expenses	294,900	261,500
Minority interest	2,700	(5,800)
Interest expense	30,000	28,100
Interest income	(7,100)	(5,300)
Other income	(14,400)	(15,400)
Reorganization costs	14,100	17,100
Income before taxes	£ 146,300	£ 114,500
Income taxes	30,000	26,900
Minority interests	3,800	4,900
Net Income	£ 112,500	£ 82,700
Extraord. loss	(21,000)	(44,500)
Net Income & extraord. loss	£ 91,500	£ 38,200

Assets
(000's)

As of July 31	1988	1987
Cash	£ 178,300	£ 72,100
Accts. receiv., net	319,600	330,300
Accts. receiv.-rel. cos.	4,200	5,500
Other receivables	31,400	41,300
Corporate tax. recov.	10,900	—
Receivables - more than one yr.	10,600	6,300
*Inventories	355,900	332,400
Prepaid expenses	26,300	25,000
Current Assets	£ 937,200	£ 812,900
Investments	27,000	30,700
# Fixed assets	472,100	500,400
Total Assets	£ 1,436,300	£ 1,344,000

Liabilities
(000's)

	1988	1987
Bank loans & overdrafts	£ 64,100	£ 79,800
Other loans	—	15,200
Accts. payable	200,500	205,000
Fin. lease. oblig.	10,400	18,900
Bills of exch.	20,300	19,200
Accrued payroll	45,700	49,500
Accruals & def. inc.	110,400	89,500
Income taxes	23,500	20,700
Proposed dividend	25,200	17,500
Curr. Liabilities	£ 500,100	£ 515,300
Long-term debt	152,700	204,600
Other liabilities	96,200	113,700
Other payables	200	400
Deferred income	9,500	10,400
+ First preference stock	200	200
+ Common stock	168,200	130,800
Add. paid-in capital	272,800	131,800
Revaluation reserves	48,200	57,400
Retained earnings	158,900	152,200
Related companies' reserves	12,800	8,300
Minority interests	16,500	18,900
Total Liabilities & Shareholders' Equity	£ 1,436,300	£ 1,344,000

* At lower of cost and net realizable value.
# Less accumulated depreciation.
+ £ 1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.98	6.85
%Net Income to Sales	6.14	4.95
%Net Income to Equity	17.02	17.20
Sales to Inventories	5.15	5.03
Debt to Equity	0.33	0.62
Working Capital	£ 437,100,000	£ 297,600,000
Current Ratio	1.87	1.58
Shareholders' Equity	£ 661,100,000	£ 480,700,000

Lumonics Inc.

105 Schneider Road
Kanata, Ontario K2K 1Y3, Canada
(613) 592-1460

Officers: Robert J. Atkinson, chairman; J. Hugh MacDiarmid, president & chief exec. officer; James K. Wright, vice chairman; Douglas J. James, president-Lumonics Laser Products & exec. v.p.-technology; Colin R. Avery, v.p.-finance & treasurer; C.J. Gardner, corp. secretary; P.A. Riddell, asst. corp. secretary.

Directors: Robert J. Atkinson, chairman; Robert E. Brown, Allan R. Buchanan, Douglas C. Cameron, Maurice J. Closs, R. Timothy Kenny, James K. Wright, Gordon A. Mauchel, J. Hugh MacDiarmid, C.S. Tedmon, Jr..

Areas of Work: Designs, manufactures and markets a variety of lasers and laser systems for marking, materials, processing, scientific and medical applications.

Divisions and Subsidiaries:

Lumonics Corporation
Marking Systems Division
3269 Vista Mercado
Camarillo, California 93010
(805) 987-2211

Lumonics Corporation
Laser Systems Group
6690 Shady Oak Road
Eden Prairie, Minnesota 55344
(612) 941-9530

12163 Globe Road
Livonia, Michigan 48150
(313) 591-0101

Lumonics Ltd.
Cosford Lane, Swift Valley
Rugby, Warwickshire CV21 1QN, England

Lumonics Pacific KK
8/F Yamachu Building
4-2-1 Nakano, Nakano-Ku
Tokyo 164, Japan

Photon Sources GmbH
Plankenhof Strasse 33
8000 Muenchen 81, West Germany

Lumonics Deutschland GmbH
Bodenseestrasse 235
Post Fach 66 22 48
8000 Muenchen 66, West Germany

Transfer Agent(s):

The Montreal Trust Company
Toronto, Ontario, Canada

Stock Exchange(s): Toronto

Ticker Symbol: LUM

Number of Employees:

Year	Employees	Year	Employees
1988	652	1985	614
1987	624	1984	378
1986	540		

Plant Footage:

1988 .... N.A. 1987 ... 275,000 sq. ft.

N.A. - Not Available.

Sales & Earnings *

	Net Sales	Net Income †
1988	$ 87,516,000	$ 857,000
1987	72,692,000	(1,697,000)
1986	65,234,000	(4,499,000)
1985	52,975,000	2,585,000
1984	38,430,000	5,673,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	10,021,000	$ 0.09
1987	9,979,000	—
1986	9,891,000	—
1985	8,811,000	0.29
1984	8,140,000	0.70

(Loss)
* Canadian dollars.
† Including extraordinary gain of $973,000 ($0.10 per share) in 1988 and extraordinary losses of $2,413,000 ($0.25 per share) in 1986 and $3,140,000 ($0.36 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Marking systems	$ 29,687,000	$ 22,914,000
Materials processing	41,251,000	35,053,000
Laser products	16,578,000	13,963,000
Other	—	762,000
Total	$ 87,516,000	$ 72,692,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 68,942,000	$ 6.88
1987	70,549,00	7.07
1986	71,070,000	7.19
1985	75,050,000	8.52
1984	44,780,000	5.50

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 87,516	$ 72,692
Cost of sales	78,804	65,741
Research & develop.	7,535	7,841
Interest income	(1,342)	(1,016)
Interest expense	2,727	1,574
Loss bef. taxes	$ (208)	$ (1,448)
Income taxes (credit)	(92)	249
Net Loss	$ (116)	$ (1,697)
Extraord. gain	973	—
Net Loss & extraord. gain	$ 857	$ (1,697)

* Included in Costs and Expenses, Depreciation and Amortization: $2,584,000 in 1988 and $2,594,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term invest.	$ 14,282	$ 14,251
Accts. receiv., net	28,807	26,278
Refundable taxes	967	626
*Inventories	26,635	25,585
Prepaid expenses	1,907	1,485
Current Assets	$ 72,598	$ 68,225
Investment	461	—
‡Fixed assets	15,223	17,820
Def. develop. costs	710	725
Intangibles	22,230	22,894
Total Assets	$ 111,222	$ 109,664

Liabilities
(000's)

	1988	1987
Bank indebtedness	$ 19,391	$ 15,986
Long-term debt, curr.	42	103
Accts.payable & accruals	16,287	14,960
Curr. Liabilities	$ 35,720	$ 31,049
Long-term debt	6,560	7,193
Deferred inc. taxes	—	873
+Common stock	57,919	57,896
Retained earnings	12,340	11,483
For. curr. trans. adj.	(1,317)	1,170
Total Liabilities & Shareholders' Equity	$ 111,222	$ 109,664

* At lower of cost and net realizable value.
‡ Less accumulated depreciation.
+ No par value.

Statistical Summary

	1988	1987
%Sales to Inventories	3.29	2.84
Debt to Equity	0.38	0.33
Working Capital	$ 36,878,000	$ 37,176,000
Current Ratio	2.03	2.20
Shareholders' Equity	$ 68,942,000	$ 70,549,000

M/A-COM, Inc.

7 New England Executive Park
Burlington, Massachusetts 01803
(617) 272-9600

Officers: Thomas F. Burke, president & chief exec. officer; Richard W. Hale, exec. v.p. & chief operating officer; Joseph C. Bothwell, Jr., sr. v.p.-corp. communications; Hugh E. Bradshaw, sr. v.p., secretary & corp. counsel; Frank A. Brand, sr. v.p.; Paul F. Brauneis, sr. v.p. & comptroller; Denis N. Maiorani, sr. v.p., chief financial officer & treasurer; Harold C. Wells, exec. v.p.-Components Group; Kenneth L. Carr, sr. v.p.-advanced programs & development; Gerald C. DiPiazza, sr. v.p.-research & development; Michael J. Ferrantino, sr. v.p.-Subsystems Group; Donald L. Stelzer, sr. v.p.-Systems Group; James F. Bunker, sr. v.p.-corp. marketing & business development; Richard Soshea, v.p.-Semiconductor Group; Stephen R. Zezima, v.p. & dir.-taxation; Jean-Pierre Gillard, v.p.-field marketing; Robert H. Glaudel, v.p.-human resources.

Directors: Thomas F. Burke, Richard T. DiBona, Nelson S. Gifford, Irving J. Helman, George N. Hutton, Jr., George Ingram, Sidney S. Kahn, Robert E. La Blanc, James D. Meindl, E. James Morton, William F. Pounds, Paul E. Tsongas.

Areas of Work: Manufactures microwave and millimeter wave components and integrated assemblies, utilizing advanced microwave and semiconductor technology, for defense applications in radar, electronic warfare, missile guidance and communications systems. Digital equipment and software are manufactured by the Company for defense applications principally in satellite systems. The Company also manufactures microwave transmission equipment for commercial terrestrial communication applications.

Divisions and Subsidiaries:

M/A-COM Semiconductor Division
Silicon and gallium arsenide RF, microwave and millimeter wave diodes, transistors and monolithic integrated circuits.
M/A-COM Semiconductor Operation
M/A-COM Power Hybrid Operation
M/A-COM Advanced Semiconductor Operation

M/A-COM Solid State Circuits Division
Microwave detectors, mixers, control circuits and modules.

M/A-COM Radar Products Division
Microwave and millimeter components: ferrite components, control assemblies and components, waveguide components and magnetron tubes.

M/A-COM General Products Division
Microwave connectors and adaptors, stripline and coaxial passive components, electromechanical switches.
M/A-COM Component Operation
M/A-COM Interconnect Operation
M/A-COM Puerto Rico, Inc.

M/A-COM, Ltd.
Microwave semiconductors, passive components, discrete devices and subsystems for the international market.
Microwave Associates, Ltd.
Omni Spectra, Ltd.

M/A-COM Active Assemblies Division
Amplifiers, oscillators and subsystems for defense applications operating in the 1 GHZ to 20 GHZ range.

M/A-COM Subsystems Division
High power solid state amplifiers and complex, multifunction assemblies and subsystems for defense electronic warfare, missile guidance and radar systems.
M/A-COM Radar Subsystems Operation
M/A-COM Missile Subsystems Operation
M/A-COM EW Subsystems Operation

M/A-COM Government Systems Division
Digital and secure equipment and software for defense communications networks.

M/A-COM MAC Division
Point-to-point analog transmission equipment for the broadcast and private communications market, microwave radios for very small aperture earth stations.

M/A-COM Corporate Technology Center
Development of advanced microwave technology, subassemblies, antenna arrays.
M/A-COM MDM Operation

M/A-COM Corporate Marketing
Worldwide marketing network.

M/A-COM Government Relations
Activities in research and development, public policy and defense technology issues.

Transfer Agent(s):

Bank of Boston
Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): New York, Boston, Pacific

Ticker Symbol: MAI

Number of Employees:

Year	Employees	Year	Employees
1988	6,448	1985	11,790
1987	6,756	1984	10,541
1986	9,027		

Plant Footage:

Year	Footage	Year	Footage
1988	1,889,000 sq. ft.	1985	3,071,000
1987	2,040,000	1984	3,695,000
1986	2,600,000		

Sales & Earnings

	Net Sales ‡	Net Income ¤
1988	$ 424,201,000	$ 18,375,000
1987*	436,107,000	(35,360,000)
1986	447,722,000	8,800,000
1985	420,197,000	39,375,000
1984	357,964,000	38,200,000

	No. of Com. Shares	Earn. per Share ¤ +
1988	24,675,000	$ 0.65
1987*	31,428,000	—
1986	42,696,000	0.20
1985	43,534,000	0.92
1984	43,297,000	0.90

(Loss)
* 53 weeks
‡ Of continuing operations only.
¤ Including extraordinary loss of $4,100,000 ($0.09 per share) in 1986.
+ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.24	—	—
1987	0.24	—	
1986	0.24	—	—
1985	0.235	—	—
1984	0.215	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 217,455,000	$ 8.81
1987	268,702,000	8.55
1986	453,853,000	10.63
1985	465,045,000	10.68
1984	426,289,000	9.85

Income Account *
(000's)

Year ended	10/1/88 (53 weeks)	10/3/87
Net sales	$ 424,201	$ 436,107
Cost of sales	281,088	328,899
Expenses	110,673	158,243
Interest income	(9,487)	(9,198)
Interest expense	11,302	7,063
Inc. (loss) bef. taxes	$ 30,625	$ (48,900)
Income taxes (credit)	12,250	(19,600)
Inc. (loss) - cont. oper.	$ 18,375	$ (29,300)
Loss - discont. oper.	—	(6,060)
Net Income (Loss)	$ 18,375	$ (35,360)

* Included in Costs and Expenses, Depreciation and Amortization: $27,896,000 in 1988 and $28,873,000 in 1987.

Assets
(000's)

As of	10/1/88	10/3/87
Cash & cash equiv.	$ 82,958	$ 87,644
Market. securities	6,411	—
Receiv. from sale of bus.	2,178	110,000
Accts. receiv., net	97,546	83,752
Unbilled rev. under cont. cost.	33,172	36,289
*Inventories	89,186	77,887
Other curr. assets	10,478	7,797
Current Assets	$ 321,929	$ 403,368
‡Fixed assets	142,310	150,164
Other assets & notes receiv.	18,573	28,213
Total Assets	$ 482,812	$ 581,745

Liabilities
(000's)

Notes payable & long-term debt, curr.	$	6,793	$	13,055
Accts. payable		18,131		20,207
Accruals		64,793		82,540
Accrued payroll		25,800		29,830
Income taxes		6,668		10,506
Curr. Liabilities	$	122,185	$	156,138
Long-term debt		99,521		109,837
Deferred inc. taxes		3,200		—
Other long-term liabilities		40,451		47,068
+ Common stock		44,006		44,006
Add. paid-in capital		230,941		236,022
Retained earnings		191,646		179,750
Deferred comp.		(11,465)		(18,521)
Treasury stock		(237,673)		(172,555)
Total Liabilities & Shareholders' Equity	$	482,812	$	581,745

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales		7.22		—
% Net Income to Sales		4.33		—
% Net Income to Equity		8.45		—
Sales to Inventories		4.76		5.60
Debt to Equity		0.49		0.46
Working Capital	$	199,744,000	$	247,230,000
Current Ratio		2.63		2.58
Shareholders' Equity	$	217,455,000	$	268,702,000

Magna International, Inc.

36 Apple Creek Boulevard
Markham, Ontario L3R 4Y4, Canada
(416) 477-7766

Officers: Frank Stronach, chairman of the board; Manfred Gingl, president & chief executive officer; James R. McAlpine, vice chairman & chief financial and administrative officer; Neil De Koker, sr. v.p.; Edwin L. Stringer, sr. v.p. & counsel-labor and employee relations; Stephen C. Akerfeldt, sr. v.p.-finance & treasurer; H. Jory Kesten, v.p., secretary & corp. counsel; Roderick M. McQueen, v.p.-communications; Patrick Lavelle, v.p.-corp. development; David A. Copeland, v.p.-corp. finance; Donald Parker, v.p.-business systems; Franz Reiterer, v.p.-employee relations; James Nicol, v.p.-special projects; Guenther Heidbuechel, v.p.-manufacturing; W. Fraser Wray, v.p.-new business ventures; J. Brian Colburn, v.p.; Edward E. Parent, v.p.; Frank Burke, asst. treasurer; Gary Love, asst. treasurer; Paul Robinson, controller; Michael McCarthy, asst. controller.

Directors: Manfred Gingl, James F. McCallum, Frank Stronach, William B. Boggs, George C. Hitchman, Donald Resnick, William G. Davis, James R. McAlpine, Belinda Stronach.

Areas of Work: Manufacturer of metal products, decorative products, mechanical devices, electronic and sheet metal components, accessories and parts for the North-American automotive industry. Also engaged in the design, engineering and assembly of motor vehicles.

Divisions and Subsidiaries:

Atoma International Inc.
521 Newpark Boulevard
Newmarket, Ontario L3Y 4X7, Canada
(416) 737-0796
Products a large variety of electro-mechanical devices, electronic components, instrument clusters and intricate mechanical assemblies for the automotive industry.

Decoma International Inc.
30 Confederation Parkway
Concord, Ontario L4K 3P7, Canada
(416) 738-5264
Develops and produces a variety of metal trim and plastic components including bumper covers, fascias, body panels and decorative trim products.

Cosma International Inc.
7655 Bramalea Road
Brampton, Ontario L4T 4Y5, Canada
(416) 458-0930
Manufacturer of exterior body sheet metal components and brake component systems.

Tesma International Inc.
370 North Rivermede Road
Maple, Ontario L4K 3N2, Canada
(416) 665-4131
Manufactures engine, transmission, and cooling components and systems and aluminium die cast and machined components.

Vehma International Inc.
70 Leek Crescent
Richmond Hill, Ontario L4B 1H1, Canada
(416) 764-5445
Engaged in the design, engineering and assembly of motor vehicles.

Transfer Agent(s):

Montreal Trust Company of Canada
Toronto, Canada

Bank of Nova Scotia Trust Company of New York
New York, New York

Stock Exchange(s): Toronto; Over-the-Counter

Ticker Symbol: MG.A & MG.B (Toronto); MAGAF (NASDAQ)

Number of Employees:

1988	15,800	1985	7,500
1987	12,000	1984	5,000
1986	10,300		

Sales & Earnings

	Net Sales	Net Income
1988	$ 1,458,603,000	$ 19,542,000
1987	1,152,463,000	40,345,000
1986	1,027,776,000	47,259,000
1985	690,400,000	38,165,000
1984	493,559,000	29,489,000

	No. of Com. Shares #	Earn per Share †
1988	27,819,419	$ 0.70
1987	27,886,919	1.56
1986	25,371,747	1.93
1985	23,956,849	1.77
1984	17,024,911	1.81

# Class A Common and Class B shares combined.
† Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.48	—	—
1987	0.48	—	
1986	0.48	—	—
1985	0.46	—	—
1984	0.26	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 446,081,000	$ 16.04
1987	448,905,000	16.10
1986	345,910,000	13.63
1985	289,403,000 +	12.08
1984	140,080,000 +	8.23

+ After allowing for preferred stock at stated value.

Income Account
(000's)

Year ended July 31		1988		1987
Net sales	$	1,458,603	$	1,152,463
Cost of sales		1,133,226		886,049
Depreciation & amortization		74,570		55,012
Expenses		178,219		124,866
Interest expense		49,768		28,196
Non-oper. income		(15,470)		(11,960)
Income before taxes	$	38,290	$	70,300
Income taxes		12,670		27,684
Minority interest		6,078		2,271
Net Income	$	19,542	$	40,345

Assets
(000's)

As of July 31		1988		1987
Accts. receiv., net	$	285,686	$	182,950
* Inventories		233,562		165,773
Inc. taxes recov.		21,457		—
Prepaid expenses		9,730		6,787
Current Assets	$	550,435	$	355,510
# Fixed Assets		999,671		881,239
Investments		74,076		33,207
Intangibles & other assets		41,474		13,026
Total Assets	$	1,665,656	$	1,282,982

Liabilities
(000's)

Long-term debt, curr.	$	14,970	$	11,173
Bank indebtedness		240,860		111,550
Accts. payable and accruals		204,587		146,948
Accrued payroll		32,213		26,951
Income taxes payable		3,505		889
Curr. Liabilities	$	496,135	$	297,511
Long-term debt		517,762		370,059
Convert. subord. bonds		97,775		99,577
Minority interest		52,203		15,900
Deferred inc. taxes		55,760		51,030
+ Class A common stock		289,976		289,976
+ Class B common stock		1,512		1,590
Curr. trans. adjust.		(4,605)		2,370
Retained earnings		159,198		154,969
Total Liabilities & Shareholders' Equity	$	1,665,656	$	1,282,982

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

% Income bef. taxes to Sales		2.63		6.09
% Net Income to sales		1.34		3.50
% Net Income to Equity		4.38		8.99
Sales to Inventories		6.25		6.95
Debt to Equity		1.73		1.10
Working Capital	$	54,300,000	$	57,999,000
Current Ratio		1.11		1.19
Shareholders' Equity	$	446,081,000	$	448,905,000

Mark Controls Corporation

5202 Old Orchard Road
Skokie, Illinois 60077
(312) 470-8585

Officers: William E. Bendix, president & chief executive officer; J. Emmett Hammond, sr. v.p.-finance & secretary; Eugene J. Tully, sr. v.p.; Michael N. Powell, v.p.; Kenneth J. Wroblewski, controller; Donald C. Bennett, Jr., asst. treasurer & asst. secretary.

Mark Controls Corporation

Directors: Merle H. Banta, William E. Bendix, Frederic V. Malek, James M. Reed, Dalton L. Knauss.

Areas of Work: The Company manufactures, sells and services industrial and commercial equipment. Products of the current business units are primarily used in flow control applications, and include pneumatic and electronic controllers, regulators, temperature controllers, mixing valves, valves controlled by pneumatic and electric actuators and associated instruments, as well as manually controlled valves and iron castings.

Divisions and Subsidiaries:

Center Line
1007 East Admiral Boulevard
Tulsa, Oklahoma 74120
(918) 587-9401
Standard butterfly and wafer check valves.

FlowSeal
3201 Walnut Avenue
Long Beach, California 90807
(213) 426-2531
High-performance butterfly valves.

Powers Process Controls
3400 Oakton Street
Skokie, Illinois 60076
(312) 673-6700
Manufactures and markets a broad line of electronic and pneumatic instruments, specialty control valves and self-contained temperature regulators for the food and beverage, pharmaceutical and chemical industries.

Pacific Valves
3201 Walnut Avenue
Long Beach, California 90807
(213) 426-2531
Gate, globe and check valves.

Empire Foundry
2729 Charles Page Boulevard
Tulsa, Oklahoma 74127
(918) 587-2350
Specialty iron castings.

Galena Engineering Ltd.
Unit 6, Foundry Lane
Horsham
West Sussex RH13 5TL, England
Manufactures and markets double acting and spring return pneumatic rotary actuators.

Acquisition:

Dynalco Controls Corporation
3690 N.W. 53rd Street
Fort Lauderdale, Florida 33309
(305) 739-4300
Produces heavy-duty, reliable electronic instruments and controls, primarily for large stationary engine applications. Products include tachometers, speed switches, temperature monitors, magnetic pick up sensors, governors and overall engine controls.

Transfer Agent(s):

Continental Illinois National Bank and Trust Company of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MRCC (NASDAQ)

Number of Employees:

1988	630	1985	771
1987	492	1984	762
1986	629		

Plant Footage:

1988	413,000 sq. ft.	1987	369,000

Sales & Earnings

	Net Sales	Net Income #
1988	$ 68,200,000	$ 3,415,000
1987	58,473,000	2,371,000
1986	66,485,000	(7,659,000)
1985	75,509,000	2,098,000
1984	68,236,000	(8,757,000)

	No. of Com. Shares ‡ †	Earn. per Share #‡ †
1987	4,906,000	$ 0.48
1986	4,906,000	—
1985	4,906,000	0.43
1984	4,906,000	—
1983	4,906,000	—

(Loss)
# Including extraordinary gains of $720,000 (0.14 per share) in 1988, $1,000,000 ($0.20 per share) in 1987 and $1,000,000 ($0.21 per share) in 1985.
† Pro forma.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 23,888,000	$ 4.96
1987	21,067,000	4.39
1986*	38,618,000	—
1985*	41,053,000	—
1984*	48,219,000	—

* Net investment of company before restructuring.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 68,200	$ 58,473
Cost of sales	46,022	41,102
Expenses	16,753	14,788
Interest expense	1,200	266
Interest income	(122)	(54)
Income before taxes	$ 4,347	$ 2,371
Income taxes	1,652	1,000
Net Income	$ 2,695	$ 1,371
Extraord. gain	720	1,000
Net Income & extraord. gain	$ 3,415	$ 2,371

* Included in Costs and Expenses, Depreciation and Amortization: $2,403,000 in 1988 and $1,873,000 in 1987.
‡ Restated.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 1,407	$ 2,163
Accts. receiv., net	11,756	9,436
*Inventories	18,093	15,228
Assets held for sale	2,945	14,081
Other curr. assets	1,562	1,631
Current Assets	$ 35,763	$ 42,539
Intangibles	4,426	—
#Fixed assets	8,561	7,157
Total Assets	$ 48,750	$ 49,696

Liabilities
(000's)

Notes payable	$ —	$ 7,000
Accts. payable	5,044	4,337
Accruals	6,913	14,147
Inc. taxes pay.	1,102	—
Curr. Liabilities	$ 13,059	$ 25,484
Long-term debt	10,000	—
Deferred gain & other liab.	1,803	3,145
+Common stock	48	48
Add. paid-in capital	19,907	20,508
Retained earnings	4,235	820
Treasury stock	(25)	—
For. exch. adjust.	(277)	(309)
Total Liabilities & Shareholders' Equity	$ 48,750	$ 49,696

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.37	4.05
%Net Income to Sales	3.95	2.34
%Net Income to Equity	11.28	6.51
Sales to Inventories	3.77	3.84
Debt to Equity	-0.42	0.33
Working Capital	$ 22,704,000	$ 17,055,000
Current Ratio	2.74	1.67
Shareholders' Equity	$ 23,888,000	$ 21,067,000

Mark IV Industries, Inc.

One Towne Centre, 501 John James Audubon Parkway
P.O. Box 450
Williamsville, New York 14231
(716) 689-4972

Officers: Sal H. Alfiero, chairman; Clement R. Arrison, president; William P. Montague, exec. v.p. & chief financial officer; E. Maclin Roby, exec. v.p.; Gerald S. Lippes, secretary; Frederic L. Cook, sr. v.p.-administration; John J. Byrne, v.p.-finance & chief accounting officer; Ronald A. Riggs, v.p.

Directors: Sal H. Alfiero, chairman; Clement R. Arrison, Joseph G. Donohoo, Gerald S. Lippes, Herbert Roth, Jr..

Areas of Work: The Company's operations involved three industry segments: Technical Products and Systems, such as professional audio and information products, instrumentation products, and aerospace and defense products; Engineered Products and Systems, such as industrial belts and hoses, safety products, control systems, and industrial and other products; and Transportation Products and Systems, such as automotive drive systems, belts and hoses, and automotive heat exchange product and systems.

Technical products include a wide variety of microprocessor and computer-based instruments and electronic components, equipment, and systems used for measuring, monitoring, information display and communication. Professional audio systems include sound equipment and components such as loudspeakers, speaker systems, and microphones for commercial and professional use. Aerospace and defense products include electronics and fluids control systems which are specially designed and engineered to operate with a high degree of reliability in outer space and other harsh environments.

Divisions and Subsidiaries:

Automatic Signal
8004 Cameron Road
Austin, Texas 78753
(512) 837-8300
Traffic signals and controls.

Clarke Container Co.
45 Norwood Avenue
Jamestown, New York 14701
(716) 487-1959
Child-resistant prescription enclosures.

Glar-Ban
199 Wales Avenue
Tonawanda, New York 14150
(716) 694-5076
Non-infrared instrument lighting.

Goodrich
3560 Chicago Drive
Hudsonville, Michigan 49426
(616) 669-1000
Resistance welding transformers.

Graphic Instruments
Gulton Industrial Park
East Greenwich, Rhode Island 02818
(401) 884-6800
Low frequency recorders.

Industrial Systems
55 Green Street
Clinton, Massachusetts 01510
(508) 835-1000
Extrusion process control systems.

Instruments Division of LFE
11655 Chillicothe Road
Chesterland, Ohio 44026
(216) 729-1681
Specialized microprocessor controllers.

Interstate Highway Sign
6005 Scott Hamilton Drive
Little Rock, Arkansas 72219
(501) 565-8484
Large-scale reflective highway signs.

Plasma Systems
55 Green Street
Clinton, Massachusetts 01510
(508) 835-1000
Plasma ashing and cleaning systems.

Lustreprint
622 Northumberland Avenue
Buffalo, New York 14215
(716) 835-2711
Flexible plastic packaging.

NRD
2937 Alt Boulevard
Grand Island, New York 14072
(716) 773-7634
Ionication elements and self-illuminating light sources.

Protective Closures (Caplugs)
2150 Elmwood Avenue
Buffalo, New York 14207
(716) 876-9855
Plastic closures.

Mokon
2150 Elmwood Avenue
Buffalo, New York 14207
(716) 876-9855
Oil and water temperature controls.

West Instruments
Gulton Limited
The Hyde, Brighton
Sussex BN2 4JU England
01144273606271
Multiple-point temperature controllers.

Alston
1600 South Mountain Avenue
Duarte, California 91010
(818) 357-2121
Telephone answering bureau equipment.

Altec Lansing
10500 West Reno
Oklahoma City, Oklahoma 73128
(405) 324-5311
Fixed-installtion professional sound systems, broadcast dynamic microphones, and high performance loudspeakers.

Display Products-Europe
Conrac Elektron GmbH
Industriestrasse 18
D-6992 Weikersheim, Federal Republic of Germany
011-4979341010
High performance video displays.

Display Products-U.S.
1724 South Mountain Avenue
Duarte, California 91010
(818) 303-0095
High performance video displays.

Electro-Voice
600 Cecil Street
Buchanan, Michigan 49107
(616) 695-6831
Fixed-installation professional sound systems, broadcast dynamic microphones and high performance loudspeakers.

Electro-Voice, S.A.
Keltenstrasse 5
CH-2563 Ipsach, Switzerland
011-4132516833

Femco
2000 Bethel Drive
High Point, North Carolina 27261
(919) 887-2611
Ruggedized communications, control and data acquisition products.

Luminator
1200 East Plano Parkway
Plano, Texas 75074
(214) 424-6511
Mobile programmable information displays.

FCD
100 Skiff Street
Hamden, Connecticut 06514
(203) 281-8000
Environmental control systems.

Gulton Data Systems
6600 Gulton Ct. NE
Albuquerque, New Mexico 87109
(505) 345-9031
Satellite telemetry and command equipment.

Servonic
1644 Whittier Avenue
Costa Mesa, California 92627
(714) 642-2400
Military and aerospace pressure transducers.

Eagle Signal Controls
8004 Cameron Road
Austin, Texas 78753
(512) 837-8300
Specialized control systems for industrial markets.

Blackstone Europe
Mjallbyl, S-294 02
Solvesborg, Sweden

Blackstone N.A.
1111 Allen Street
Jamestown, New York 14701
(716) 665-2620
Custom engineered automobile, truck and industrial heat exchange products and systems including radiators, charge air coolers, transmission and engine oil coolers, condensers, evaporators, heaters and automotive heating and air-conditioning units.

Dayco Products
1 Prestige Place
Miamisburg, Ohio 45342
(513) 226-7000
Manufactures OEM accessory drives, cam drives and fluid handling systems; aftermarket belts, hoses and cooling system accessories, transmission coolers, fan clutches and diecast aluminum parts.

Gauss
9130 Glenoaks Boulevard
Sun Valley, California 91352
(818) 768-4323
Manufactures high-speed audio tape duplicating equipment.

Ivie
1366 West Center Street
Orem, Utah 84057
(801) 224-1800
Produces audio instrumentation and sophisticated sound reinforcement electronics.

University Sound
13278 Ralston Avenue
Slymer, California 91342
(818) 362-9516
Manufactures commercial microphones, loudspeakers, audio electronics and telephone interconnect equipment.

Acquisitions:

Armtek Corporation
New Haven, Connecticut
Designs, manufactures and markets industrial and automotive products and systems.

Cetec Corporation
9900 Baldwin Place
El Monte, California 91731
(818) 442-8840
Manufactures a wide variety of audio products.

Ipra S.p.A.
Italy
Manufactures automotive radiators and other heat exchange products.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: IV

Number of Employees:

1989 . . . . 12,800 1987 4,000
1988 . . . . N.A.

Plant Footage:

1989 . . . . . . 3,758,000 sq. ft. 1987 2,019,000
1988 . . . . N.A.

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1989	$ 742,313,000	$ 22,801,000
1988	402,992,000	17,041,000
1987	291,529,000	10,210,000
1986	82,958,000	4,738,000
1985	38,649,000	2,785,000

	No. of Com. Shares †	Earn. per Share ‡
1989	10,815,113	$ 2.10
1988	10,811,364	1.71
1987	8,510,615	1.20
1986	8,509,942	0.68
1985	N.A.	0.45

N.A. - Not Available.
† Adjusted to reflect stock splits.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business
(000's)

	1989	1988
Technical	$ 310,387	$ 281,094
Engineered	216,715	121,898
Transportation	215,211	—
Total	$ 742,313	$ 402,992

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	—	—	—
1988	—	—	
1987	—	—	3-for-2 & 3-for-2
1986	—	—	—
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 114,766,000	$ 10.61
1988	92,546,000	8.56
1987	40,369,000	4.74
1986	28,988,000	3.41
1985	10,496,000	—

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Feb. 28	1989	1988
Net sales	$ 742,313	$ 402,992
Cost of sales	493,645	251,436
Expenses	150,913	87,819
Depreciation & amortization	19,084	11,082
Interest expense	58,303	26,930
Gain on sale of invest.	(14,433)	(2,025)
Income before taxes	$ 34,801	$ 27,750
Income taxes	12,000	10,709
Net Income	$ 22,801	$ 17,041

Assets
(000's)

As of Feb. 28	1989	1988
Cash	$ 11,491	$ 8,901
Marketable securities	—	183,796
Accts. receiv., net	217,910	73,085
*Inventories	284,733	118,367
Other curr. assets	16,284	3,638
Assets held for sale	15,481	—
Current Assets	$ 545,899	$ 387,787
Investments	30,780	6,581
Notes receivable	73,087	34,290
#Fixed assets	376,352	113,774
Intangibles	67,892	69,654
Total Assets	$ 1,094,010	$ 612,086

Liabilities
(000's)

	1989	1988
Notes payable	$ 9,441	$ 9,575
Long-term debt, curr.	3,448	4,127
Accts. payable	84,455	19,174
Accrued interest	20,016	7,736
Accrued compensation	38,482	15,401
Other accruals	47,919	15,861
Income taxes	6,623	5,322
Curr. Liabilities	$ 210,384	$ 77,196
Long-term debt	745,468	434,756
Deferred inc. taxes	23,392	7,588
+Common stock	110	110
Add. paid-in capital	48,968	48,940
Retained earnings	63,927	41,126
For. curr. trans adjust.	2,907	2,437
Invest. valu. allowance	(1,079)	—
Treasury stock	(67)	(67)
Total Liabilities & Shareholders' Equity	$ 1,094,010	$ 612,086

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

	1989	1988
%Income bef. Taxes to Sales	4.69	6.89
%Net Income to Sales	3.07	4.23
%Net Income to Equity	19.87	18.41
Sales to Inventories	2.61	3.40
Debt to Equity	6.61	4.85
Working Capital	$ 335,515,000	$ 380,591,000
Current Ratio	2.59	5.02
Shareholders' Equity	$ 114,766,000	$ 92,546,000

Marshall Industries

9674 Telstar Avenue
El Monte, California 91731-3004
(818) 459-5500

Officers: Gordon S. Marshall, chairman of the board, president, chief executive & chief operating officer; Richard D. Bentley, sr. v.p.; Peter B. Heric, v.p.-management information systems; Thomas B. Calder, v.p.-marketing; Carl R. Sittman, v.p.-facilities; David O. Zertuche, v.p.-finance, chief financial office and secretary; Henry W. Chin, corp. controller & asst. secretary.

Directors: Gordon S. Marshall, chairman; Mason Phelps, Raymond G. Rinehart, William G. Bone, Lathrop Hoffman.

Areas of Work: Engaged in the distribution of electronic components, wire termination devices, production supplies, hand tools, and assembly work station equipment to the electronics industry. Also performs assembly and wire stripping operations.

Transfer Agent(s):

Security Pacific National Bank
P.O. Box 2097, Terminal Annex
Los Angeles, California 90054

Stock Exchange(s): New York

Ticker Symbol: MI

Number of Employees:

1988	1,422	1985	1,112
1987	1,100	1984	1,008
1986	1,083		

Sales & Earnings

	Net Sales	Net Income
1988	$ 420,412,000	$ 17,649,000
1987	286,623,000	5,145,000
1986	244,777,000	2,857,000
1985	265,278,000	5,718,000
1984	245,591,000	10,467,000

	No. of Com. Shares #	Earn. per Share #
1988	8,604,000	$ 2.05
1987	7,466,000	0.69
1986	7,391,000	0.39
1985	7,346,000	0.78
1984	6,790,000	1.54

# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	2-for-1

Common Stock Equity

	Total Equity @	Equity Per Share #
1988	$ 111,979,000	$ 13.01
1987	60,925,000	8.16
1986	54,944,000	7.43
1985	51,368,000	7.02
1984	45,903,000	6.70

# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account*

Year ended May 31	1988	1987
Net sales	$ 420,412,000	$ 286,623,000
Cost of sales	317,116,000	216,465,000
Expenses	70,084,000	55,210,000
Interest expense	2,814,000	3,950,000
Income before taxes	$ 30,398,000	$ 10,998,000
Income taxes	12,749,000	5,853,000
Net Income	$ 17,649,000	$ 5,145,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,984,000 in 1988 and $2,720,000 in 1987.

Assets

As of May 31	1988	1987
Cash	$ 1,570,000	$ 1,615,000
Receiv., net	62,037,000	42,363,000
*Inventories	90,737,000	65,326,000
Prepaid expenses	265,000	249,000
Current Assets	$ 154,609,000	$ 109,553,000
#Fixed assets	40,860,000	27,837,000
Other assets	718,000	535,000
Total Assets	$ 196,187,000	$ 137,925,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 1,976,000	$ 1,824,000
Accts. payable	34,019,000	18,929,000
Accruals	5,208,000	4,608,000
Income taxes	2,405,000	2,669,000
Deferred income taxes	266,000	2,571,000
Curr. Liabilities	$ 43,874,000	$ 30,601,000
Long-term debt	40,334,000	46,399,000
+Common stock	9,291,000	7,469,000
Add. paid-in capital	60,747,000	29,164,000
Retained earnings	41,941,000	24,292,000
Total Liabilities & Shareholders' Equity	$ 196,187,000	$ 137,925,000

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	7.23	3.84
%Net Income to Sales	4.20	1.80
%Net Income to Equity	15.76	8.44
Sales to Inventories	4.63	4.39
Debt to Equity	0.38	0.79
Working Capital	$ 110,735,000	$ 78,952,000
Current Ratio	3.52	3.58
Shareholders' Equity	$ 111,979,000	$ 60,925,000

Martin Marietta Corporation

6801 Rockledge Drive
Bethesda, Maryland 20817
(301) 897-6000

Officers: Norman R. Augustine, chairman & chief exec. officer; Caleb B. Hurtt, president & chief operating officer; Frank H. Menaker, Jr., v.p. & general counsel; Peter B. Teets, sr. vice president; A. Thomas Young, sr. vice president; Robert J. Polutchko, sr. vice president; David C. Dressler, sr. vice president; Dan A. Peterson, sr. vice president; Bobby F. Leonard, vice president; Richard M. Davis, vice president; Robert G. Morra, vice president; Marcus C. Bennett, vice president & chief financial officer; Janice K. Henry, secretary; Robert W. Powell, Jr., v.p. & treasurer.

Directors: Norman R. Augustine*, chairman; John J. Byrne, A. James Clark*, James L. Everett, III, Melvin R. Laird*, Griffin B. Bell*, Thomas G. Pownall*, Laurence J.

Adams*, Edward L. Hennessy, Jr., John K. McKinley, John W. Vessey, Jr.*, Edwin I. Colodny, Caleb B. Hurtt*, Lamar Alexander

* Member of the Executive Committee

Areas of Work: The Company's Astronautics Group is engaged in the design, development, engineering and production of space launch vehicles, spacecraft, space- and ground-based strategic systems, the Space Shuttle External Tank, and associated electronics and instrumentation.

The Electronics & Missiles Group is engaged in the design, development, engineering, and production of missiles and missile launching systems; electronic systems for precision guidance and air defense programs; electro-optical target acquisition, designation, and navigation systems; undersea systems; ordnance; and aircraft component manufacturing and assembly.

The Information Systems Group is engaged in the design, integration, and servicing of a broad range of information management and engineering systems, combining high-speed communications and information processing for such purposes as command, control, and communications; air traffic control; simulation; telecommmunications; and integrated communications networks.

The Materials Group consists of aggregates operations principally engaged in producing and selling crushed stone and gravel--primarily for highways and general construction and railroad ballast; and magnesia specialties operations, which produce and sell refractory materials and other magnesia products used in steel production, chemical processing, and various industrial applications.

Martin Marietta Astronautics Group
Denver, Colorado
Martin Marietta Commercial Titan, Inc.
Martin Marietta Space Launch Systems
Martin Marietta Space Systems
Martin Marietta Strategic Systems

Martin Marietta Manned Space Systems
New Orleans, Louisiana

Martin Marietta Electronics & Missiles Group
Orlando, Florida
Martin Marietta Electronic Systems
Martin Marietta Missile Systems

Martin Marietta Aero & Naval Systems
Baltimore, Maryland

Martin Marietta Ordnance Systems, Inc.
Bethesda, Maryland

Martin Marietta Information Systems Group
Bethesda, Maryland

Martin Marietta Data Systems
Greenbelt, Maryland

Martin Marietta Information & Communications Systems
Denver, Colorado

Martin Marietta Materials Group
Bethesda, Maryland

Martin Marietta Aggregates
Raleigh, North Carolina

Martin Marietta Magnesia Specialties, Inc.
Hunt Valley, Maryland

International Light Metals Corporation
Torrance, California

Martin Marietta Energy Systems, Inc.
Oak Ridge, Tennessee

Oak Ridge National Laboratory
Oak Ridge, Tennessee

Martin Marietta Laboratories
Baltimore, Maryland

Transfer Agent(s):

Maryland National Bank
225 North Calvert Street
Baltimore, Maryland 21203

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Pacific, Midwest, Philadelphia, London

Ticker Symbol: ML

Number of Employees:

1988	67,500	1985	66,000
1987	70,000	1984	61,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 5,727,482	$ 358,875
1987	5,172,954	230,650
1986	4,762,956	202,344
1985	4,421,085	249,392
1984	3,933,147	(191,764)

	No. of Com. Shares #	Earn. per Share #
1988	53,151,967	$ 6.75
1987	54,318,363	4.25
1986	55,147,793	3.67
1985	56,619,040	4.36
1984	52,319,480	—

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Astronautics	$ 2,467,100	$ 2,043,500
Electronics & missiles	2,054,800	2,021,300
Information systems	997,800	907,400
Materials	402,200	380,600
Other	60,000	41,900
Intersegment	(254,400)	(221,700)
Total	$ 5,727,500	$ 5,173,000

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1987	$ 1.05	—	—
1986	1.00	—	
1985	0.973	—	3-for-2
1984	0.893	—	—
1983	0.863	—	3-for-2

# Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 1,200,612,000	$ 22.59
1987	907,732,000	16.71
1986	843,376,000	15.29
1985	707,957,000	12.50
1984	511,113,000 ‡	9.77

‡ After allowing for preferred stock at liquidation value.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 5,727,482	$ 5,172,954
Cost of sales & expenses	5,330,762	4,766,510
Oper. profit	$ 396,720	$ 406,444
Other expense (income)	(117,189)	1,472
Total	$ 475,175	$ 380,000
Interest expense	38,734	24,972
Income bef. taxes	$ 475,175	$ 380,000
Income taxes	155,400	149,350
Net Income	$ 319,775	$ 230,650
Extraord. gain	39,100	—
Net Income & extraord. gain	$ 358,875	$ 230,650

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $198,607,000 in 1988 and $174,330,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & marketable securities	$ 76,642	$ 153,525
Accts. & notes receiv., net	735,670	555,092
*Inventories	443,324	369,406
Other curr. assets	35,686	52,182
Current Assets	$ 1,291,322	$ 1,130,688
Investments	159,991	163,413
#Fixed assets	1,297,507	1,185,455
Other assets	570,167	333,861
Total Assets	$ 3,318,987	$ 2,813,417

Liabilities
(000's)

Long-term debt, curr.	$ 3,234	$ 70,131
Accts. payable & accruals	335,140	386,617
Accrued payroll	236,055	209,636
Income taxes	147,547	149,578
Other curr. liab.	186,611	—
Curr. Liabilities	$ 908,587	$ 815,962
Long-term debt	483,784	294,586
Other liabilities	253,275	254,398
Deferred inc. taxes	472,729	540,739
+Common stock	52,820	109,404
Add. paid-in capital	343,857	697,009
Retained earnings	803,935	1,357,806
Treasury stock	—	(1,256,487)
Total Liabilities & Shareholders' Equity	$ 3,318,987	$ 2,813,417

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation, depletion and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.30	7.35
%Net Income to Sales	6.27	4.46
%Net Income to Equity	28.89	25.41
Sales to Inventories	12.92	14.00
Debt to Equity	0.41	0.40
Working Capital	$ 382,735,000	$ 314,726,000
Current Ratio	1.42	1.39
Shareholders' Equity	$ 1,200,612,000	$ 907,732,000

MATEC Corporation

63 South Street
Hopkinton, Massachusetts 01748
(508) 435-9039

Officers: Ted Vapley, Jr., chairman & chief exec. officer; Neil S. Bernstein, president & chief operating officer; Michael J. Kroll, v.p. & treasurer; L. Stephen Bowers, group v.p.; John J. McArdle, III, secretary..

MATEC Corporation

Directors: Ted Valpey, Jr., chairman; Neil S. Bernstein, Richard Damon, Eli Fleisher, Robert B. Gill, Lawrence Holsborg, John D. Hunt, Joseph Tiberio, Robert W. Valpey.

Areas of Work: Operates in three industry segments: Steel Cable, Electronics, and Diffusion Coating

Subsidiaries:

Alloy Surfaces Company, Inc.
100 Locke Road
Wilmington, Delaware 19809
(302) 762-8900

Application of corrosion-resistant coatings to gas turbine engines; production of proprietary specialty chemicals sold to gas turbine engine manufacturers; production of pyrophoric materials for military countermeasure application.

Bergen Cable Technologies, Inc.
Gregg Street
Lodi, New Jersey 07644
(201) 487-3521

Manufactures mechanical cable and cable assemblies.

Crystal Biotech, Inc.
1 Kuniholm Road
New Englander Industrial Park
Holliston, Massachusetts 01746
(508) 429-5977

Designs and produces ultrasonic doppler systems for measuring blood flow in research and clinical applications.

Matec Applied Sciences, Inc.
75 South Street
Hopkinton, Massachusetts 01748
(508) 435-9039

Designs and manufactures which characterize colloids (small particles in suspension).

Matec Fiberoptics, Inc.
56 Hudson Street
Northboro, Massachusetts 01532
(508) 393-3753

Produces a wide variety of custom-built fiberoptic components for industrial, medical, military and scientific customers.

Matec Instruments, Inc.
75 South Street
Hopkinton, Massachusetts 01748
(508) 435-9039

Designs and manufactures high-powered pulsed radio frequency (RF) instruments.

MEKontrol, Inc.
56 Hudson Street
Northboro, Massachusetts 01532
(508) 393-2451

Designs and manufactures photoelectric controls.

Valpey-Fisher Corporation
Frequency Control Division
75 South Street
Hopkinton, Massachusetts 01748
(508) 435-6831

Manufactures quartz crystals and crystal oscillators.

Valpey-Fisher Corporation
Ultrasound Division
75 South Street
Hopkinton, Massachusetts 01748
(508) 435-6831

Fabricates a broad range of piezoelectric components for industrial, medical, military and research applications.

Affiliate:

Sawyer Research Products, Inc. (34.2% interest)

Produces single crystal cultured quartz used extensively in electronic and optional applications.

Transfer Agent(s):

Bank of Boston
Shareholder Services Division
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: MXC

Number of Employees:

1988	325	1987	320

Plant Footage:

1988	355,400 sq. ft.	1987	355,400

Sales & Earnings

	Net Sales +	Net Income
1988	$ 27,786,000	$ 1,364,000
1987	20,742,300	316,000
1986	19,894,000	479,000
1985	20,044,000	(122,000)
1984	20,268,000	1,395,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	3,142,000	$ 0.43
1987	3,333,000	0.09
1986	3,330,000	0.14
1985	3,409,000	—
1984	3,409,000	0.41

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Electronics	$ 10,866,000	$ 8,170,000
Steel cable	7,134,000	5,962,000
Diffusion coating	6,112,000	4,566,000
Instruments	3,674,000	2,044,000
Total	$ 27,786,000	$ 20,742,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 14,352,509	$ 4.57
1987	13,239,660	3.97
1986	14,128,700	4.24
1985	13,977,099	4.10
1984	14,121,632	4.14

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*

Year ended Dec. 31	1988	1987
Net sales	$ 27,786,462	$ 20,742,000
Cost of sales	18,404,252	14,388,322
Expenses	7,779,523	6,073,052
Interest income	(140,291)	(194,078)
Eq. in inc. of Sawyer Research Prods.	(257,026)	(211,064)
Other expense (income)	(288,456)	70,065
Income before taxes	$ 2,288,450	$ 615,703
Income taxes	924,000	300,000
Net Income	$ 1,364,460	$ 315,703

* Included in Costs and Expenses, Depreciation and Amortization: $1,092,099 in 1988 and $1,108,592 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 811,447	$ 1,846,182
Accts. receiv., net	5,099,453	3,413,124
*Inventories	5,341,881	3,832,117
Deferred inc. taxes	676,610	983,564
Current Assets	$ 11,929,391	$ 10,074,987
Investment in Sawyer Research Prods.	1,504,761	1,274,957
#Fixed assets	7,515,677	7,581,018
Other assets	2,168,191	1,644,768
Total Assets	$ 23,118,020	$ 20,575,730

Liabilities

Note payable	$ 562,797	$ —
Long-term debt, curr.	278,940	290,940
Accts. payable	1,081,727	1,035,367
Accruals	1,905,008	1,168,815
Income taxes	874,192	518,026
Curr. Liabilities	$ 4,702,664	$ 3,013,148
Long-term debt	2,565,651	2,868,752
Deferred inc. taxes	1,497,196	1,454,170
+Common stock	188,350	188,350
Add. paid-in capital	6,269,021	6,296,243
Retained earnings	11,167,299	9,802,839
Treasury stock	(3,272,161)	(3,047,772)
Total Liabilities & Shareholders' Equity	$ 23,118,020	$ 20,575,730

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
* $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.24	2.97
%Net Income to Sales	4.91	1.52
%Net Income to Equity	9.51	2.38
Sales to Inventories	5.20	5.41
Debt to Equity	0.24	0.24
Working Capital	$ 7,226,727	$ 7,061,839
Current Ratio	2.54	3.34
Shareholders' Equity	$ 14,352,509	$ 13,239,660

Materials Research Corporation

Route 303
Orangeburg, New York 10962
(914) 359-4200

Officers: Sheldon Weinig, chairman, president & chief executive officer; Garrett E. Pierce, exec. v.p., treasurer & chief financial officer; Daniel F. Yorke, v.p.; Frank Shinneman, v.p.; Herbert Stoller, secretary.

Directors: Sheldon Weinig, chairman; Herbert Stoller, Joseph C. Abeles, Luther H. Hodges, Jr., Edward E. David, Jr., Robert E. Davis, Garrett E. Pierce.

Areas of Work: Supplies high-purity metals, ceramics, sputtering and etching equipment to the electronics and telecommunications industries.

Divisions:

Advanced Materials Division

Refines and fabricates high-purity metals and alloys into the forms required for industrial thin-film application.

Hybrid Products Division

Manufactures highest purity ceramic substrates for such hybrid circuit applications as microwaves and telecommunications.

Process Equipment Division

Designs, develops and manufactures thin-film deposition and etching equipment (sputtering equipment).

Subsidiaries:

Materials Research, Ltd.
Penn, United Kingdom

Materials Research GmbH
Munich, West Germany

Materials Research, S.A.
Toulouse, France

Materials Research Srl
Milan, Italy

Nihon MRC Company, Ltd. (73%-owned)
Tokyo, Japan

Transfer Agent(s):

Chase Manhattan Bank, N.A.
One New York Plaza
New York, New York 10081

Stock Exchange(s): American

Ticker Symbol: MTL

Number of Employees:

1988	685	1985	1,014
1987	688	1984	989
1986	N.A.		

Plant Footage:

1988	357,800 sq. ft.	1985	417,800
1987	415,800	1984	298,300
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income #
1988	$ 116,654,000	$ 5,914,000
1987	97,977,000	(1,964,000)
1986	89,095,000	(10,117,000)
1985*	104,321,000	2,560,000
1984	96,559,000	3,781,000

	No. of Com. Shares ‡	Earn. per Share #‡
1988	4,153,000	$ 1.42
1987	4,142,000	—
1986	4,110,000	—
1985*	4,059,000	0.63
1984	4,051,000	0.93

(Loss)
* 53 weeks.
# Including extraodinary gain of $2,770,000 ($0.66 per share) in 1988.
‡ Based on the average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	0.090	—	—
1985	0.120	—	—
1984	0.120	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 36,744,000	$ 8.85
1987	30,759,000	7.43
1986	32,312,000	7.80
1985	40,992,000	10.09
1984	37,649,999	9.29

Income Account *

Year ended	10/29/88	10/31/87
Net sales	$ 116,654,000	$ 97,977,000
Cost of sales	85,352,000	73,025,000
Expenses	16,547,000	15,645,000
Res. and develop. exp.	8,132,000	8,324,000
Interest expense	4,044,000	3,207,000
Other expense (income)	191,000	(330,000)
Gain on option sale	(3,721,000)	—
Income (loss) bef. taxes	$ 6,109,000	$ (1,894,000)
Income taxes	2,972,000	70,000
Net Income (Loss)	$ 3,137,000	$ (1,964,000)
Extraord. gain	2,777,000	—
Net Income (Loss) & extraord. gain	$ 5,914,000	$ (1,964,000)

* Included in Costs and Expenses, Depreciation: $3,802,000 in 1988 and $3,771,000 in 1987.

Assets

As of	10/29/88	10/31/87
Cash	$ 994,000	$ 1,343,000
Receiv. from option sale	1,973,000	—
Accounts receiv., net	25,340,000	27,923,000
*Inventories	29,187,000	24,536,000
Prepaid expenses & other assets	1,500,000	2,428,000
Current Assets	$ 58,994,000	$ 56,230,000
#Fixed assets	27,202,000	29,211,000
Other assets	1,622,000	1,110,000
Total Assets	$ 87,818,0003	$ 86,551,000

Liabilities

Notes payable	$ 7,486,000	$ 6,040,000
Long-term debt, curr.	2,343,000	1,816,000
Accts. payable & accruals	13,872,000	14,176,000
Curr. Liabilities	$ 23,701,000	$ 22,032,000
Long-term debt	24,909,000	31,379,000
Other liabilities	2,464,000	2,381,000
+Common stock	4,153,000	4,142,000
Add. paid-in capital	22,601,000	22,536,000
Retained earnings	9,003,000	3,089,000
Cum. trans. adj.	987,000	992,000
Total Liabilities & Shareholders' Equity	$ 87,818,000	$ 86,551,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	5.24	—
% Net Income to Sales	2.69	—
% Net Income to Equity	8.54	—
Sales to Inventories	4.00	3.99
Debt to Equity	0.95	1.28
Working Capital	$ 35,293,000	$ 34,198,000
Current Ratio	2.49	2.55
Shareholders' Equity	$ 36,744,000	$ 30,759,000

Matsushita Electric Industrial Co., Ltd.

Kadoma, Osaka, Japan

Officers: Masaharu Matsushita, chairman of the board; Akio Tanii, president; Shoji Sakuma, executive v.p.; Masahiko Hirata, executive v.p.; Tsuzo Murase, senior managing director; Keiya Toyonaga, senior managing director; Hiroyuki Mizuno, senior managing director; Kiyoshi Seki, managing director; Shiro Donishi, managing director; Kazuhiko Toyama, managing director; Shigeyuki Nishiuma, managing director; Hideo Takahashi, managing director; Yoichi Morishita, managing director; Sohei Nakayama, director; Kyonosuke Ibe, director; Keiichi Takahata, director; Masayuki Matsushita, director; Masaya Nakajima, director; Kazuo Ichikawa, director; Hiroshi Kitayama, director; Tadakazu Yamamoto, director; Saburo Maruta, director; Koju Suzuki, director; Akiya Imura, director; Tsutomu Fukuhara, director; Mikio Higashi, director; Michitaka Ishizawa, director; Hisao Tahara, director; Shiro Horiuchi, director; Kazuhiko Sugiyama, director; Toshihiko Yamashita, director & executive advisor.

Areas of Work: Manufactures Video Equipment, including video tape recorders and related equipment, color TVs, video projection systems, and video disc players; Audio Equipment, including radios, radio/cassette recorders, tape recorders, stereo hi-fi equipment, compact disc players, and electronic organs; Home Appliances, including refrigerators, air conditioners, home laundry equipment, vacuum cleaners, microwave ovens and other cooking equipment, electric fans and heaters; Communication and Industrial Equipment, including office automation equipment, communications equipment, air conditioning equipment; Energy and Kitchen-Related Products, including dry batteries, lead-acid storage batteries, lithium, solar and other cells, gas appliances, kitchen sinks and cabinets, and solar energy equipment; Electronic Components, including LSIs, ICs, transistors, diodes, cathode ray tubes, image pickup tubes, electric lamps, tuners, capacitors, resistors, speakers, and printed circuits. Other manufactured products include records, music tapes, photographic equipment, bicycles, electric pencil sharpeners, and water purifiers.

Principal Consolidated Subsidiaries:

Matsushita Electric (U.K.) Ltd.
Matsushita Electronics Corporation
Victor Company of Japan, Ltd.
Matsushita Electronic Components Co., Ltd.
Matsushita Battery Industrial Co., Ltd.
Matsushita Seiko Co., Ltd.
Matsushita Kotobuki Electronics Industries, Ltd.
Matsushita Communication Industrial Co., Ltd.
Matsushita Refrigeration Company
Kyushu Matsushita Electric Co., Ltd.
Matsushita Housing Products Co., Ltd.
Matsushita Industrial Equipment Co., Ltd.
Matsushita Graphic Communication Systems, Inc.
Matsushita Electric Corporation of America
Matsushita Electric (Taiwan) Co., Ltd.
Matsushita Industrial Corporation Sdn. Bhd.
Matsushita Refrigeration Industries (S) Pte. Ltd.
Matsushita Electronics (S) Pte. Ltd.
Panasonic Espana S.A.

Subsidiaries (U.S.A.):

MANUFACTURING:

Matsushita Electric Corporation of America
Panasonic Company
Panasonic Industrial Company
Quasar Company
Panasonic Broadcast Systems Company
Matsushita Services Company
Panasonic Communications & Systems Company
Panasonic Factory Automation Company
Matsushita Television Company
Matsushita Cooking Appliance Company
Matsushita Electronic Components Corporation of America
Matsushita Communication Corporation of America
Matsushita-Ultra Tech. Battery Corporation
American Matsushita Electronics Corporation
America Kotobuki Electronics Industries, Inc.
Panasonic Technologies, Inc.

SALES:

AMAC Corporation

Transfer Agent(s):

Chuo Trust and Banking Co., Ltd. (common stock)
Chuo-ku
Osaka, Japan

Morgan Guaranty Trust Company of New York
(American Depository Receipts)
New York, New York

Stock Exchange(s): Tokyo, New York*, Pacific*, Amsterdam, Frankfurt, Dusseldorf, Paris

Ticker Symbol: MC (New York and Pacific)* *Trades as an American Depositary Receipt.

Number of Employees:

1989	193,088	1986	181,453
1988	185,416	1985	175,828
1987	180,570		

Matsushita Electric Industrial Co., Ltd.

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1989	¥ 5,504,250	¥ 213,462
1988	5,067,188	164,623
1987*	1,572,241	49,423
1986	4,810,774	167,588
1985	5,290,827	251,549

	No. of Com. Shares	Earn. per Share †
1989	1,955,629,195	¥ 99.94
1988	1,861,792,853	80.34
1987*	N.A.	25.79
1986	N.A.	87.50
1985	N.A.	131.30

¥ - Yen
N.A. - Not Available.
* 4 months
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1989	1988
Video equipment	¥ 1,568,397	¥ 1,497,637
Audio equipment	515,110	507,131
Home appliances	776,847	754,579
Communication & industrial equip.	1,104,424	957,610
Energy & kitchen-related prods.	282,960	257,858
Electronic components	726,450	637,223
Other	530,062	455,150
Total	¥ 5,504,250	¥ 5,067,188

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	¥ 11.90	—	—
1988	9.52	—	
1987	3.81	—	—
1986	9.52	—	—
1985	9.52	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1989	¥ 2,866,516	¥ 1,465.78
1988	2,489,937	1,337.39
1987	2,212,690	—
1986	2,171,359	—
1985	2,061,030	—

Income Account *
(millions)

Year ended Mar. 31	1989	1988
Net sales	¥ 5,504,250	¥ 5,067,188
Cost of sales	3,670,885	3,343,520
Expenses	1,416,176	1,363,800
Interest expense	88,932	81,937
Interest income	(177,857)	(151,707)
Other income	(23,333)	(23,592)
Income before taxes	¥ 529,447	¥ 453,230
Income taxes	286,915	201,804
Eq. in earn. of assoc. cos.	(11,650)	(8,810)
Minority interests	40,720	45,991
Net Income	¥ 213,462	¥ 164,623

* Included in Costs and Expenses, Depreciation: ¥ 217,789,000,000 in 1989 and ¥ 194,764,000,000 in 1988.

Assets
(millions)

As of Mar. 31	1989	1988
Cash	¥ 1,440,144	¥ 1,382,568
Marketable securities	211,968	353,710
Accts. receiv., net	787,178	678,487
*Inventories	796,509	670,540
Other curr. assets	295,356	271,533
Current Assets	¥ 3,531,155	¥ 3,356,838
Investments & advances	1,516,985	1,238,368
#Fixed assets	824,212	697,881
Other assets	248,754	226,400
Total Assets	¥ 6,401,888	¥ 5,727,856

Liabilities
(millions)

	1989	1988
Short-term debt & long-term debt, curr.	¥ 829,671	¥ 584,072
Accts. payable	391,525	331,414
Accrued income taxes	167,388	202,847
Accrued payroll	124,161	111,725
Other accruals	301,136	272,213
Deposits & advances from cust.	108,430	113,283
Employees' deposits	120,906	123,306
Other current liabilities	100,810	105,091
Curr. Liabilities	¥ 2,144,027	¥ 1,843,951
Long-term debt	621,903	565,037
Retirement & severance benefits	247,081	227,015
Minority interest	522,361	601,916
+ Common stock	164,251	144,679
Add. paid-in capital	486,554	324,478
Legal reserve	47,917	43,397
Retained earnings	2,283,310	2,094,625
Cum. trans. adj.	(115,516)	(117,242)
Total Liabilities & Shareholders' Equity	¥ 6,401,888	¥ 5,727,856

* At lower of cost (average & FIFO) or market.
# Less accumulated depreciation
+ ¥ 50 par value.

Statistical Summary

	1989	1988
%Income bef. Taxes to Sales	9.62	8.94
%Net Income to Sales	3.88	3.25
%Net Income to Equity	7.45	6.61
Sales to Inventories	6.91	7.56
Debt to Equity	0.51	0.46
Working Capital (000's)	¥1,387,128,000	¥1,512,887,000
Current Ratio	1.65	1.82
Shareholders' Equity (000's)	¥2,866,516,000	¥2,489,937,000

McDonnell Douglas Corporation

P.O. Box 516
St. Louis, Missouri 63166-0516
(314) 232-0232

Officers: John F. McDonnell, chairman of the board & chief executive officer; Gerald A. Johnston, president; James S. McDonnell, III, corp. v.p.; James H. MacDonald, sr. v.p.; Jerry G. Brown, sr. v.p.-finance; John T. Sant, sr. v.p., general counsel & secretary; John W. Chase, corporate treasurer; James T. McMillan, sr. v.p. & chief exec.-McDonnell Douglas Finance Corporation; William P. Brown, president-McDonnell Douglas Helicopter Company; Jeremy J. Causley, president-McDonnell Douglas Information Systems Company; Robert L. Brand, controller; Robert H. Hood, Jr., president-Douglas Aircraft Company; Robert L. Kerber, v.p.-advanced systems & technology; William S. Ross, president-McDonnell Aircraft Company; John F. Yardley, sr. v.p.; C. James Dorrenbacher, president-McDonnell Douglas Space Systems Company; Edward C. Aldridge, Jr., president-McDonnell Douglas Electronic Systems Company; William P. Brown, president-McDonnell Douglas Helicopter Company; John P. Capellupo, president-McDonnell Douglas Missile Systems Company.

Directors: John R. McDonnell*, chairman; William H. Danforth*, Donald W. Douglas, Jr., James S. McDonnell, III, B.A. Bridgewater*, Jr., Julian B. Goodman, William E. Cornelius*, William S. Kanaga, John H. Biggs, Gerald A. Johnston, Sanford N. McDonnell*, chairman emeritus.

* Member of the Executive Committee

Areas of Work: The Company's operations can be divided into five areas: Combat aircraft, which includes the design, development and production of attack and fighter aircraft, including helicopters; Transport aircraft, which includes both commercial and military transport aircraft, training, spare parts, and related services; Space systems and missiles, which includes advanced studies and development and production of tactical and strategic missiles, satellite-launching vehicles, space shuttle components and payloads, space station, laser communications, and ballistic missile defense systems; Information systems, which includes providing information systems solutions involving computer hardware, software, communications networking, and related services; and Financial services.

Divisions and Subsidiaries:

McDonnell Douglas Finance Corporation
3855 Lakewood
Long Beach, California 90846
(213) 593-1722

Vitek Systems Inc.
595 Anglum Drive
Hazelwood, Missouri 63042
(314) 232-8444

MDC Realty Company
3855 Lakewood Boulevard
Long Beach, California 90846
(213) 593-5941

McDonnell Douglas Canada Ltd.
Malton, Ontario L5P 1B7, Canada
(416) 677-4341

McDonnell Douglas International Sales Corp.
Box 516
St. Louis, Missouri 63166
(314) 232-0232
McDonnell Douglas Astronautics Company

McDonnell Douglas-Tulsa
200 North Memorial Drive
Tulsa, Oklahoma 74115
(918) 836-1616

McDonnell Aircraft Company
Box 516
St. Louis, Missouri 63166
(314) 232-0232

Douglas Aircraft Company
3855 Lakewood Boulevard
Long Beach, California 90846
(213) 593-5511

McDonnell Douglas Helicopter Company
Mesa, Arizona
INFORMATION SYSTEMS GROUP

McDonnell Douglas Health Systems Company
McDonnell Douglas Manufacturing & Engineering Systems Company
McDonnell Douglas Network Systems Company
McDonnell Douglas Payment Systems Company
McDonnell Douglas Communications Industry Systems Company
McDonnell Douglas Computer Systems Company
McDonnell Douglas Diversified Information Systems Company
McDonnell Douglas Field Service Company
McDonnell Douglas Information Processing Company
McDonnell Douglas Information Systems International
McAuto Systems Group Inc. (MSGI)
Unitax

Transfer Agent(s):

Shareholder Records Department
McDonnell Douglas Corporation
St. Louis, Missouri

The Chase Manhattan Bank
One Chase Manhattan Plaza
New York, New York 10015

Stock Exchange(s): New York, Pacific

Ticker Symbol: MD

Number of Employees:

1988	121,421	1985	97,067
1987	112,400	1984	88,391
1986	105,696		

Sales & Earnings

	Revenues (000's)	Net Income (000's)
1988	$ 15,069,000	$ 350,000
1987	13,673,000	313,000
1986	13,086,000	277,500
1985	11,860,000	345,700
1984	10,015,000	325,300

	No. of Com. Shares	Earn. per Share ‡
1988	38,200,000	$ 9.13
1987	38,700,000	7.75
1986	40,600,000	6.86
1985	40,300,000	8.60
1984	40,000,000	8.10

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Combat aircraft	$ 6,070,000	$ 5,925,000
Transport aircraft	4,877,000	3,977,000
Space systems & missiles	2,368,000	2,146,000
Information systems	1,295,000	1,241,000
Fiancial services	423,000	353,000
Other	36,000	31,000
Total Sales	$ 15,069,000	$ 13,673,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 2.56	—	—
1987	2.32	—	
1986	2.08	—	—
1985	1.84	—	—
1984	1.62	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	$ 3,186,000	$ 83.42
1987	2,969,900	76.7;
1986	2,844,800	70.13
1985	2,634,600	65.34
1984	2,343,800	58.55

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 15,072,000	$ 13,676,000
Cost of sales	12,108,000	10,921,000
Expenses:		
Gen. & adm.	1,508,000	1,408,000
Res. & develop.	610,000	648,000
Interest & debt exp.	339,000	242,000
Income before taxes	$ 507,000	$ 457,000
Income taxes	157,000	144,000
Net Income	$ 350,000	$ 313,000

* Included in Costs and Expenses, Depreciation and Amortization: $633,000,000 in 1988 and $570,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term investments	$ 115,000	$ 67,000
Accts. receiv., net	1,420,000	1,415,000
Finance receivables	2,763,000	2,354,000
Inventories & contracts	4,279,000	3,793,000
#Fixed Assets	2,542,000	2,333,000
Other assets	766,000	662,000
Total assets	$ 11,885,000	$ 10,624,000

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 2,151,000	$ 2,100,000
Accts. payable	1,177,000	1,126,000
Employee compensation	348,000	301,000
Other accruals	626,000	673,000
Income taxes	1,471,000	1,523,000
Adv. in exc. of rel. costs	1,449,000	950,000
+Common stock	38,000	41,000
Add. paid-in capital	277,000	421,000
Retained earnings	2,859,000	2,607,000
Foreign curr. trans.	12,000	16,000
Treasury stock	—	(115,000)
Total Liabilities & Shareholders' Equity	$ 11,885,000	$ 10,624,000

# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	3.36	3.34
%Net Income to Revenues	2.32	2.29
%Net Income to Equity	10.99	10.54
Debt to Equity	1.14	1.04
Shareholders' Equity	$ 3,186,000,000	$ 2,970,000,000

McRae Industries, Inc.

Wadeville Community, Highway 109 North
P.O. Box 726
Mount Gilead, North Carolina 27306
(919) 439-6147

Officers: Branson J. McRae, chairman, president & treasurer; D. Gary McRae, first v.p.; Victor A. Karam, v.p.-footwear; Thaddeus R. Tedder, secretary; Harold W. Smith, v.p.-finance & accounting; James W. McRae, v.p. & asst. secretary; Charles V. Rece, controller.

Directors: Branson J. McRae, chairman; Thaddeus R. Tedder, George M. Bruton, Brady W. Dickson, Victor A. Karam, D. Gary McRae, Harold W. Smith, Hilton J. Cochran, James W. McRae.

Areas of Work: Through its Compsee, Inc. subsidiary, the Company designs, manufactures and markets optical data collection systems and related computer peripherals. The optical character recognition (OCR) and bar code readers produced by the Company interface with IBM, IBM-compatible, and Sperry terminals and are used in retail point-of-sale applications. In addition, the Company is engaged in the manufacture of military boots, conducts various leasing and financing activities, operates a restaurant and lodging facility, sells and services photocopiers, and operates a printing business.

Divisions:

Footwear Division
Financing & Leasing Division
Uwharrie Mountain Lodge

Subsidiaries:

Compsee, Inc.
McRae Graphics, Inc.
McRae Boot, Inc.
Rae-Print Packaging, Inc.

Transfer Agent(s):

First Union National Bank
Securities Transfer Dept. CMG-5
Suite 450, UCB Building
212 South Tryon Street
Charlotte, North Carolina 28281

Stock Exchange(s): American

Ticker Symbol: MRI-A and MRI-B

Number of Employees:

1988	460	1986	490
1987	410		

Sales & Earnings

	Net Sales	Net Income
1988	$ 30,936,612	$ 2,522,043
1987	27,982,957	2,253,050
1986	23,278,681	1,184,822
1985*	22,338,782	833,200
1984	15,558,625	(598,607)

	No. of Com. Shares ‡	Earn. per Share ‡
1988	2,675,654	$ 0.94
1987	2,675,654	0.84
1986	2,675,654	0.44
1985*	2,675,654	0.31
1984	2,675,654	—

(Loss)
* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Footwear & apparel mfg.	$ 21,259,869	$ 20,859,933
Elec. syst. develop. & sales	4,922,807	3,271,768
Photocopier sales & leasing	4,000,766	3,182,885
Other	753,170	668,371
Total	$ 30,936,612	$ 27,982,957

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.36	—	—
1987	0.46	—	
1986	0.10	—	—
1985	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 10,589,140	$ 3.96
1987	8,595,217	3.21
1986	6,971,912	2.61
1985	5,921,090	2.21
1984	5,221,679	1.95

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended	7/30/88	8/1/87
Net revenues	$ 30,936,612	$ 27,982,957
Cost of sales	22,940,693	20,029,800
Expenses	3,787,257	3,519,804
Other income	(210,224)	(171,573)
Interest expense	92,366	146,531
Eq. in loss of investees	76,033	25,404
Income before taxes	$ 4,250,487	$ 4,432,991
Income taxes	1,666,505	2,167,063
Minority interest	61,939	12,878
Net Income	$ 2,522,043	$ 2,253,050

* Included in Costs and Expenses, Depreciation: $470,497 in 1988 and $482,782 in 1987.

Assets

As of	7/30/88	8/1/87
Cash & cash equiv.	$ 1,826,898	$ 1,650,736
Marketable securities	226,744	226,744
Accts. receiv., net	2,545,486	1,831,740
*Inventories	4,196,184	4,171,985
Invest. in cap. leases	529,445	405,127
Prepaid expenses	182,781	86,546
Current Assets	$ 9,507,538	$ 8,372,878
Investment - rel. cos.	91,881	167,914
Notes & accts. receiv.	620,592	408,574
#Fixed assets	3,673,965	3,409,853
Invest. in cap. leases	903,152	597,468
Undeveloped land	167,475	196,920
Other assets	350,706	180,425
Total Assets	$ 15,315,309	$ 13,334,032

Liabilities

Notes payable	$ 969,439	$ 1,050,108
Long-term debt. curr.	42,000	72,445
Accts. payable	1,311,304	1,079,294
Accrued emp. benefits	663,559	647,365
Deferred serv. contracts	340,456	231,673
Other accruals	506,745	505,168
Income taxes	100,505	361,873
Curr. Liabilities	$ 3,934,008	$ 3,947,926
Long-term debt	69,694	214,702
Deferred inc. taxes	647,650	563,309
Minority interest	74,817	12,878
+ Common stock:		
Class A	1,481,189	1,410,765
Class B	1,194,465	1,264,889
Add. paid-in capital	576,771	576,771
Retained earnings	7,336,715	5,342,792
Total Liabilities & Shareholders' Equity	$ 15,315,309	$ 13,334,032

* At lower of cost or market. Footwear inventories at LIFO, all others at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.74	15.84
%Net Income to Sales	8.15	8.05
%Net Income to Equity	23.82	26.21
Sales to Inventories	7.37	6.71
Debt to Equity	0.10	0.16
Working Capital	$ 5,573,530	$ 4,424,952
Current Ratio	2.42	2.12
Shareholders' Equity	$ 10,589,140	$ 8,595,217

Measurex Corporation

One Results Ways
Cupertino, California 95014-5991
(408) 255-1500

Officers: David A. Bossen, president & chief executive officer; John C. Gingerich, exec. v.p.-operations; Fernand Ostiguy, exec. v.p.-sales & service; Jerome Raffel, sr. v.p.-manufacturing operations; Robert McAdams, Jr., sr. v.p.-finance & administration; Doris S. Bossen, v.p.-corp. communications; Phillip E. Peterson, v.p.-personnel; Glenn R. Wienkoop, president-Measurex Automation Systems; Harish S. Rao, v.p.-corp. engineering & marketing; Willis Lumpkin, treasurer; Carl A. Thomsen, v.p. & controller; Charles Van Orden', general counsel & secretary; Robert W. Hirt, asst. controller-taxes.

Directors: Graham Tyson, Paul Bancroft, III, Dwight C. Baum, Orion L. Hoch, David A. Bossen, John W. Larson, John W. McKittrick.

Areas of Work: Develops, manufactures and markets automatic control systems (high-accuracy proprietary sensors linked to digital computers). Product line provides materials control, through-output control, energy control and quality control for manufacturers in the continuous process industries.

Subsidiaries:

Measurex (Ireland) Ltd.
Industrial Estate
Waterford, Ireland

Measurex (Ireland) Ltd.
Mahon Industrial Estate
Cork, Ireland

Measurex Automatic Systems (MAS)
Cupertino, California

Measurex Management Systems Division
Fairfield, Ohio

Provides transaction computing expertise in the areas of order entry, production planning, inventory management and shipping.

Pointe Claire, Quebec, Canada
Sittard, the Netherlands

Transfer Agent(s):

Bank of America, N.T. & S.A.
San Francisco, California

Stock Exchange(s): New York, Pacific

Ticker Symbol: MX

Number of Employees:

1988	2,620	1985	2,360
1987	2,540	1984	2,300
1986	2,490		

Plant Footage:

1988	350,000 sq. ft.	1987	320,140

Sales & Earnings

	Operating Revenues	Net Income ‡
1988	$ 265,240,000	$ 37,066,000
1987	227,353,000	26,815,000
1986	192,707,000	21,068,000
1985	176,614,000	17,720,000
1984	160,268,000	14,424,000

	No. of Com. Shares #	Earn. per Share # ‡
1988	18,960,000	$ 1.95
1987	19,228,000	1.39
1986	18.882,000	1.12
1985	18,340,000	0.97
1984	17,442,000	0.83

(Loss)
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.
‡ Including extraordinary credit of $1,661,000 ($0.10 per share) in 1984.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 0.270	—	—
1987	0.225	—	
1986	0.165	—	2-for-1
1985	0.120	—	—
1984	0.100	—	—

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 204,487,000	$ 10.79
1987	170,190,000	8.85
1986	151,866,000	8.04
1985	128,670,000	7.02
1984	110,460,000	6.33

# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	11/27/88	11/29/87
Oper. revenues	$ 265,240	$ 227,353
Cost of sales, rentals & serv.	143,827	128,877
Expenses	62,373	52,729
New prod. devel. costs	19,185	16,709
Interest expense	1,141	1,143
Other income	(10,033)	(9.654)
Income before taxes	$ 48,747	$ 37,549
Income taxes	11,681	10,734
Net Income	$ 37,066	$ 26,815

* Included in Cost and Expenses, Depreciation and Amortization: $11,682,000 in 1988 and $9,814,000 in 1987.

Assets
(000's)

	11/27/88	11/29/87
Cash	$ 143,216	$ 107,179
Marketable securities	5,117	—
Accts. receiv., net	58,756	57,116
*Inventories	33,816	37,236
Prepaid expenses	6,355	2,611
Current Assets	$ 247,260	$ 204,142

Lease contracts receiv.	5,327	5,907
Serv. parts	4,027	4,109
#Fixed assets	34,248	31,220
Other assets	12,458	13,276
Total Assets	$ 303,320	$ 258,654

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 244	$ 276
Accts. payable	5,485	6,812
Accruals	64,702	53,482
Income taxes	1,231	2,621
Curr. Liabilities	$ 71,662	$ 63,191
Long-term debt	5,922	5,938
Deferred inc. taxes	21,249	19,335
+Common stock	191	190
Add. paid-in capital	72,317	68,862
Retained earnings	141,714	113,790
For. curr. trans. adj.	1,841	892
Treasury stock	(11,576)	(13,544)
Total Liabilities & Shareholders' Equity	$ 303,320	$ 258,654

* At lower of standard cost or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Oper. Rev.	18.38	16.52
%Net Income to Oper. Rev.	13.97	11.79
%Net Income to Equity	18.13	15.76
Debt to Equity	0.03	0.04
Working Capital	$ 175,598,000	$ 140,951,000
Current Ratio	3.45	3.23
Shareholders' Equity	$ 204,487,000	$ 170,190,000

Mechanical Technology Incorporated

968 Albany-Shaker Road
Latham, New York 12210
(518) 785-2211

Officers: Harry Apkarian, chairman & chief executive officer; Richard Schmidt, president & chief operating officer; John Recupero, treasurer; V.B. Boghosian, secretary; Bruce Goldwater, v.p. & gen. mgr.-Technology Group; Steve Sullivan, exec. v.p. & gen. mgr.-Ling Electronics, Inc.; Ignatius MacBrinn, v.p. & controller; John Dority, gen. mgr.-L.A.B. Division; Denis Chaves, gen. mgr.-Instruments Division; Marshall Gladchun, gen. mgr.-St. Clair Metal Products Co.; Lawrence Maciariello, v.p.-human resources; Emily Ross, dir.-communications; Joseph P. Claeys, corp. counsel; Mark A. Smachlo, v.p. & gen. mgr.-Turbonetics Energy, Inc.; Harold T. Sher, president-United Telecontrol Electronics, Inc.; Raymond F. Herter, v.p.-United Telecontrol Electronics, Inc.; David Kimball, president-Kimball Industries, Inc.; Harold Sowle, president-ProQuip, Inc.; Rodney A. Knight, general counsel; Joseph L. Reinhart, mgr.-corp. development.

Directors: Harry Apkarian, chairman; Beno Sternlicht, V.B. Boghosian, H. Kaye Kerr, Charles Janjikian, Wayne B. Lyon, Richard G. Mosteller, Felix J. Ponzek, Alfred S. Howes, Richard K. Schmidt.

Areas of Work: Operates in four different areas. Defense/Aerospace develops and manufactures electronic and electro-mechanical systems and subsystems primarily for the military. Technology provides contract research and development design and prototype manufacturing services in mechanical engineering, machinery dynamics and diagnostics, tribology, electrical engineering, measurement science, and energy technology. Test and Measurement develops and manufactures high-accuracy inspection systems, shock and vibration testing systems, and electronic instruments using noncontact measurement techniques. Transportation manufactures decorative trim, stampings, and hardware, primarily for the transportation industry.

Divisions:

Research & Development Division
Latham, New York
Malta, New York
Arlington, Virginia

Stirling Engine Systems Division
Latham, New York

Instruments Division
Latham, New York

L.A.B. Division
P.O. Box G
Skaneateles, New York 13152
(315) 685-5781

Shaker Research Division
Latham, New York

Subsidiaries:

Ling Electronics, Inc.
4890 East LaPalma Avenue
Anaheim, California 92806

Ling Electronics Limited
Clydebank, Scotland

Turbonetics Energy, Inc.
Malta, New York

St. Clair Metal Products Company
1721 Dove Street
Port Huron, Michigan 04860
(313) 984-5123

United Telecontrol Electronics, Inc.
3500 Sunset Avenue
Asbury Park, New York 07712
(201) 922-1000

Manufactures electronic products for military use, specifically radar transponders, telemetry equipment, missile launchers, and video and trigger amplifiers.

Acquisitions:

ProQuip, Inc.
Santa Clara, California

Manufactures electronic systems for testing rigid computer disks and is engaged in the development of electronic test equipment for the optical disk market.

Kimball Industries, Inc.
Monrovia, California

Manufactures components and fixtures for use in environmental testing equipment.

Transfer Agent(s):

Mechanical Technology Incorporated
968 Albany-Shaker Road
Latham, New York 12110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MTIX (NASDAQ)

Number of Employees:

1988	992	1985	823
1987	938	1984	871
1986	741		

Plant Footage:

1988	500,250 sq. ft.	1985	260,000
1987	396,500	1984	310,000
1986	260,000		

Sales & Earnings

	Revenues +	Net Income
1988	$ 88,220,000	$ 3,163,000
1987	68,697,000	3,125,000
1986	66,257,000	2,614,000
1985	60,134,000	1,325,000
1984	54,402,000	79,000

	No. of Com. Shares	Earn. per Share #
1988	3,523,443	$ 0.88
1987	3,540,243	0.86
1986	3,538,318	0.74
1985	3,516,268	0.38
1984	3,516,268	0.03

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 29,869,000	$ 8.48
1987	26,911,000	7.60
1986	23,709,000	6.70
1985	21,006,000	5.97
1984	19,681,000	5.60

Income Account *

Year ended Sept. 30	1988	1987
Sales	$ 88,220,000	$ 68,697,000
Cost of sales	63,707,000	47,665,000
Expenses	16,399,000	13,003,000
Prod. develop. costs	1,335,000	1,085,000
Oper. profit	$ 6,779,000	$ 6,944,000
Interest expense	1,771,000	449,000
Other expense (income)	(297,000)	89,000
Income bef. taxes	$ 5,305,000	$ 6,406,000
Income taxes	2,142,000	3,281,000
Net Income	$ 3,163,000	$ 3,125,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,113,000 in 1987 and $1,651,000 in 1986.

Assets

As of Sept. 30	1988	1987
Cash & cert. of dep.	$ 6,074,000	$ 8,694,000
Deferred income taxes	1,335,000	1,086,000
Receiv. net	16,883,000	13,348,000
*Inventories	16,837,000	9,832,000
Prepaid expenses	1,184,000	1,239,000
Current Assets	$ 42,313,000	$ 34,199,000
#Fixed assets	12,735,000	12,092,000
Other assets	19,034,000	13,837,000
Total Assets	$ 74,082,000	$ 60,128,000

Liabilities

Note payable	$ 2,860,000	$ 700,000
Long-term debt & cap. leases curr.	4,066,000	2,857,000
Accts. payable	5,440,000	3,415,000
Income taxes payable	413,000	145,000
Accrued liabilities	6,529,000	5,786,000
Curr. Liabilities	$ 19,308,000	$ 12,903,000
Long-term debt & cap. leases	21,270,000	17,143,000
Deferred federal income taxes	2,829,000	2,646,000
Minority interest	649,000	525,000
Other liabilities	157,000	—
+Common stock	3,543,000	3,540,000
Add. paid-in capital	13,130,000	13,072,000
Retained earnings	13,397,000	10,234,000
For. curr. trans. adjust.	(12,000)	65,000
Treasury stock	(189,000)	—
Total Liabilities & Shareholders' Equity	$ 74,082,000	$ 60,128,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.01	9.33
%Net Income to Sales	3.59	4.55
%Net Income to Equity	10.59	11.61
Sales to Inventories	5.24	6.99
Debt to Equity	0.94	0.77
Working Capital	$ 23,005,000	$ 21,296,000
Current Ratio	2.19	2.65
Shareholders' Equity	$ 29,869,000	$ 26,911,000

Medtronic, Inc.

7000 Central Avenue N.E.
Minneapolis, Minnesota 55432
(612) 574-4000

Officers: Earl E. Bakken, sr. chairman of the board; Winston R. Wallin, chairman, president & chief executive officer; Glen D. Nelson, exec. v.p.; R.J. Dittrich, v.p. & general counsel; Gerard C. Planchon, exec. v.p.-worldwide distribution; William W. Chorske, sr. v.p. & chief financial officer; Michael J. Boris, v.p. & treasurer; William E. Drake, v.p., deputy general counsel & secretary; Richard F. Sauter, v.p.-ventures; Bobby I. Griffin, v.p.-pacing business unit; Daniel R. Luthringshauser, v.p.-international; Douglas E. Hopton, v.p.-corp. strategy & development; Lowell P. Jacobsen, v.p.-human resources; John A. Meslow, v.p.-neurological business; Paul Citron, v.p.-ventures technology; B. Kristine Johnson, v.p.-corp. affairs; Thomas E. Morin, v.p.-corp. services; David P. Niles, v.p.-corp. quality & regulatory affairs; Lawrence W. Shearon, v.p.-corp. technology; Richard W. Nunn, asst. treasurer.

Directors: Earl E. Bakken, sr. chairman; Winston R. Wallin, chairman; Thomas E. Holloran, Gerald W. Simonson, Richard L. Schall, F. Caleb Blodgett, Richard A. Swalin, Glen D. Nelson, Vernon G. Heath, Bernadine P. Healy.

Areas of Work: Designs, manufactures and markets cardiac pacemakers and other cardiovascular, neurological and rehabilitative medical devices, prosthetic heart valves and nuclear and ultra-sound imaging software, and provides patient monitoring and follow-up services.

Divisions and Subsidiaries:

Applied Concepts Research Division

Promeon Division
6700 Shingle Creek Parkway
Brooklyn Center, Minnesota 55430

Andover Medical Incorporated
Manufactures disposable electrodes and cable systems for medical diagnosis and patient monitoring.

Micro-Rel Division
2343 W. 10th Place
Tempe, Arizona 85283
(602) 968-6411
Markets custom integrated circuits for high-technology instrumentation.

Medtronic Fabrication
Zone Industrielle Sud
Route d'Anor
59610 Fourmies, France

New England Research Center Division
45 William Street
Wellesley, Massachusetts

Medtronic Physiological Research Laboratories
1500 Northdale Boulevard
Coon Rapids, Minnesota 55433

Medtronic Biomedical Pty. Ltd.
Suite 8
409 King George's Road
Beverly Hills, 2209 N.S.W., Australia

Medtronic do Brasil Ltda.
Avenida Tambore' 1433
Alphaville, 06400 Barueri
Sao Paulo, Brazil

Medtronic of Canada Ltd.
6733 Kitimat Rd.
Mississauga, Ontario L5N 1W3, Canada
(416) 826-6020

Medtronic Europe S.N.C.
European Headquarters
25, rue Chateaubriand
75008 Paris, France

Medtronic Japan Co., Ltd.
Shuwa Kioi-cho Park Bldg., 5F
3-6 Kioi-cho, Chiyoda-ku
Tokyo 102, Japan

Medtronic B.V.
Wenckebachstraat, 10
6466 Kerkrade-West,
The Netherlands

Cardiocare Division
425 East 61st Street
New York, New York 10021
Provides heart rate monitoring both in person and through a telephone testing service.

Med Rel, Inc.
P.O. Box 8687
Humacao 00661, Puerto Rico

Medtronic Puerto Rico, Inc.
P.O. Box M
Villalba 00766, Puerto Rico

Neuro Division
Manufactures implantable spinal cord stimulators to relieve chronic pain.

Ventures Technology
Assesses market and technological potential of new ideas.

Medtronic Blood Systems, Inc.
Tascon Medical Technology, Inc.
Irvine, California
Have designed tissue valves intended to provide ease of use and safety at initial implant, and easier and faster replacement.

Xenotech Laboratories, Inc.
Irvine, California
Manufactures the INTACT tissue valve, with its maximum ability to handle stress and pressure within the heart; the INTACT valve is marketed in foreign countries.

Vitatron, N.V.
Dieren, The Netherlands
Pacemaker manufacturer.

Biotec Technologie Biomediche, S.P.A.
Bologna, Italy
Pacemaker manufacturer.

Todd Medical Inc.
Canton, Ohio
Neurological product distributor.

La Jolla Technology, Inc.
Manufactures and distributes neurological products.

Acquisition:

Interventional Medical, Inc.
Danvers, Massachusetts
Manufactures and markets guiding catheters, which are used to facilitate the maneuvering of balloon catheters and other therapeutic devices through the heart's arteries.

Transfer Agent(s):

Norwest Trust Company, New York
New York, New York

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): New York

Ticker Symbol: MDT

Number of Employees:

1988	5,728
1987	4,952
1986	4,843
1985	4,945
1984	5,219

Sales & Earnings

	Net Sales +	Net Income
1988	$ 653,319,000	$ 86,521,000
1987	502,011,000	73,816,000
1986	402,811,000	53,413,000
1985	363,883,000	38,155,000
1984	385,461,000	59,123,000

	No. of Com. Shares #	Earn. per Share #
1988	13,690,000	$ 6.32
1987	14,072,000	5.25
1986	14,638,000	3.65
1985	15,403,000	2.48
1984	16,263,000	3.64

+ Includes commissions.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.04	—	—
1987	0.88	—	
1986	0.08	—	—
1985	0.76	—	—
1984	0.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 395,868,000	$ 29.72
1987	386,987,000	27.52
1986	348,702,000	24.27
1985	328,553,000	21.76
1984	335,414,000	20.69

Income Account *
(000's)

Year ended April 30	1988	1987
Net sales & commissions	$ 653,319	$ 502,011
Cost of sales	210,025	170,382
Expenses	313,202	225,868
Interest expense	5,695	4,102
Interest income	(6,696)	(7,011)
Income before taxes	$ 131,093	$ 108,670
Income taxes	44,572	34,854
Net Income	$ 86,521	$ 73,816

* Included in Costs and Expenses, Depreciation and Amortization: $29,039,000 in 1988 and $26,371,000 in 1987.

Assets
(000's)

As of April 30	1988	1987
Cash & temp. invest	$ 78,549	$ 113,735
Accts. receiv, net	202,621	146,666
* Inventories	107,267	84,147
Prepaid inc. taxes	22,600	16,336
Prepaid expenses	9,805	4,978
Current Assets	$ 420,842	$ 365,862
Liab. of discont. oper.	(192)	(2,192)
Market. securities	1,976	12,079
# Fixed assets	128,323	115,130
Intangibles	55,365	45,333
Other assets	34,488	23,507
Total Assets	$ 640,802	$ 559,719

Liabilities
(000's)

Short-term borrowings	$ 50,844	$ 31,893
Accts. payable	50,705	26,857
Accrued payroll	29,475	27,582
Other accruals	38,195	29,177
Accrued income taxes	19,572	10,109
Curr. Liabilities	$ 188,791	$ 125,618
Long-term debt	9,096	5,508
Product warranties	13,343	14,641
Deferred inc. taxes	20,129	17,104
Other liabilities	13,575	9,861
+ Common stock	1,332	1,406
Retained earnings	389,353	381,933
Cum. trans. adjust.	5,183	3,648
Total Liabilities & Shareholders' Equity	$ 640,802	$ 559,719

• At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income be. Taxes to Sales	20.07	21.65
%Net Income to Sales	13.24	14.70
%Net Income to Equity	21.86	19.07
Sales to Inventories	6.09	5.97
Debt to Equity	0.15	0.10
Working Capital	$ 232,051,000	$ 240,244,000
Current Ratio	2.23	2.91
Shareholders' Equity	$ 395,868,000	$ 386,987,000

Megadata Corporation

35 Orville Drive
Bohemia, New York 11716
(516) 589-6800

Officers: Yitzhak N. Bachana, chairman of the board, president, treasurer & chief exec. officer; John R. Keller, exec. v.p. & secretary; Richard H. DaCosta, controller.

Directors: Yitzhak N. Bachana, chairman; Richard R. Schilling, Jr., Ronald S. Goldstein, Paul P. Alessandrini.

Areas of Work: Designs and assembles intelligent video display computer terminals and develops the related software, tailored to serve the specific business applications of its customers. The products are marketed for use in systems related to international monetary transfers for commercial banks; ground communications for airlines; text editing for news wire services and newspapers; data collection for telephone facilities, word processing systems for general office use; inventory control for large retail chains; and the monitoring of process controls for certain industries.

Subsidiaries:

TSD Display Products, Inc.
35 Orville Drive
Bohemia, New York 11716
(516) 589-6800
Develops, manufactures and markets touch screen digitizers, display monitors, and welded wire frames.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MDTA (NASDAQ)

Number of Employees:

1988	90	1985	110
1987	101	1984	127
1986	100		

Plant Footage:

1988	36,000 sq. ft.	1985	36,000
1987	36,000	1984	36,000
1986	36,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 7,932,482	$ (267,782)
1987	12,544,003	1,317,523
1986	9,002,776	294,707
1985	12,384,453	886,237
1984	15,045,405	1,552,725

	No. of Com. Shares #	Earn. per Share #
1988	2,015,817	$ —
1987	2,130,816	0.62
1986	2,152,310	0.14
1985	2,296,727	0.39
1984	2,303,100	0.67

(Loss)
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 8,099,196	$ 4.02
1987	8,622,228	4.05
1986	7,381,080	3.43
1985	7,503,910	3.27
1984	6,885,736	2.99

# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account*

Year ended Oct. 31	1988	1987
Revenues	$ 7,932,482	$ 12,544,003
Cost of revenues	6,231,927	7,785,658
Expenses	2,393,620	2,525,856
Interest income	(166,353)	(161,034)
Interest expense	10,341	—
Other income	(50,271)	—
Income (loss) bef. taxes	$ (486,782)	$ 2,393,523
Income taxes (credit)	(219,000)	1,076,000
Net Income (Loss)	$ (267,782)	$ 1,317,523

• Included in Costs and Expenses, Depreciation and Amortization: $308,379 in 1988 and $550,722 in 1987.

Assets

As of October 31	1988	1987
Cash	$ 1,966,110	$ 2,205,028
Accts. receiv., net	807,384	1,909,723
•Inventories	2,850,439	3,058,583
Prepaid inc. taxes	464,352	—
Prepaid expenses	503,877	375,254
Current Assets	$ 6,592,162	$ 7,548,588
#Fixed assets	2,264,180	2,784,652
Other assets	6,939	16,207
Total Assets	$ 8,863,281	$ 10,349,447

Liabilities

Accts. payable	$ 267,656	$ 603,169
Accruals	446,426	712,470
Income taxes	—	312,272
Curr. Liabilities	$ 714,082	$ 1,627,911
Deferred inc. taxes	50,003	99,308
+Common stock	23,031	23,031
Add. paid-in capital	1,883,731	1,883,731
Retained earnings	7,209,659	7,477,441
Treasury stock	(1,017,225)	(761,975)
Total Liabilities & Shareholder's Equity	$ 8,863,281	$ 10,349,447

• At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	19.08
%Net Income to Sales	—	10.50
%Net Income to Equity	—	15.28
Working Capital	$ 5,878,080	$ 5,920,677
Current Ratio	9.23	4.64
Shareholders' Equity	$ 8,099,196	$ 8,622,228

Mentor Graphics Corporation

8500 S.W. Creekside Place
Beaverton, Oregon 97005-7191
(503) 626-7000

Officers: Thomas H. Bruggere, chairman of the board & chief executive officer; Gerard H. Langeler, president & chief operating officer; David C. Moffenbeier, executive v.p.; Richard J. Anderson, v.p.-human resources; Michael F. Bosworth, v.p. & president-Context Corporation; David L. Brinker, v.p. & gen. mgr.-Asia Pacific; Jean-Claude Caraes, v.p. & gen. mgr.-Europe; Frank J. Costa, product group v.p.; Frank S. Delia, v.p., general counsel & secretary; Dale T. Derby, v.p.-operations; Gary C. Geaslen, v.p.-customer service; Brian C. Henry, v.p. & chief financial officer; Brian W. Maggs, v.p.-North American sales; Berkeley T. Merchant, v.p.-support products; Stephen Swerling, v.p.-technology; Marvin S. Wolfson, product group v.p.; John C. Carveth, treasurer & asst. secretary.

Directors: Thomas H. Bruggere, chairman; Gerard H. Langeler, David R. Hathaway, Fontaine K. Richardson, David N. Strohm, David C. Moffenbeier.

Areas of Work: Designs, manufactures, markets and services electronic design automation systems for use in the design, analysis, physical layout, testing, documentation and packaging of complex electronic products.

Divisions and Subsidiaries:

Context Corporation
Design and Analysis Division
Advanced Products Division
Electronic Packaging Division

Acquisition:

Contour Design Systems, Inc.
Supplies analog component libraries and modeling technology.

Transfer Agent(s):

First Interstate Bank of Oregon, N.A.
P.O. Box 2971
Portland, Oregon 97208

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MENT (NASDAQ)

Number of Employees:

1977	1,709	1986	909
1987	1,213	1985	777

Mentor Graphics Corporation

Plant Footage:

1988 .... 350,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income †
1988	$ 300,750,000	$ 33,540,000
1987	221,823,000	20,325,000
1986	173,545,000	11,000,000
1985	136,748,000	7,989,000
1984	87,906,000	9,888,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	17,445,000	$ 1.92
1987	16,981,000	1.20
1986	16,370,000	0.67
1985	15,496,000	0.52
1984	13,882,000	0.71

† Including extraordinary gain of $1,546,000 ($0.09 per share) in 1984.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 221,709,000	$ 12.71
1987	187,524,000	11.04
1986	155,231,000	9.48
1985	140,112,000	9.04
1984	71,245,000	5.13

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues:		
System	$ 241,271	$ 177,965
Service	59,479	43,858
Total revenues	$ 300,750	$ 221,823
Cost of revenues	134,443	109,146
Expenses:		
Research & develop.	33,814	24,179
Mktng., gen. & adm.	87,614	61,181
Other income	(5,747)	(4,423)
Income before taxes	$ 50,626	$ 31,740
Income taxes	17,086	11,415
Net Income	$ 33,540	$ 20,325

* Included in Costs and Expenses, Depreciation and Amortization: $14,943,000 in 1988 and $10,634.000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 120,302	$ 97,562
Accts. receiv., net	68,241	57,053
Other receivables	4,586	6,370
*Inventories	20,587	23,318
Prepaid expenses	6,326	4,475
Deferred taxes	3,978	2,899
Current Assets	$ 224,020	$ 191,677
#Fixed assets	44,124	32,826
Other assets	13,558	4,663
Total Assets	$ 281,702	$ 229,166

Liabilities
(000's)

Short-term borrowings	$ 4,144	$ 5,745
Accts. payable	16,129	11,752
Accrued payroll	10,758	5,929
Other accruals	8,651	5,122
Deferred revenues	7,418	5,028
Income taxes	11,419	5,463
Curr. Liabilities	$ 58,519	$ 39,039
Deferred inc. taxes	1,270	2,424
Other deferrals	204	179
+Common stock	138,752	132,125
Retained earnings	78,350	46,491
For. curr. trans. adjust.	4,607	8,908
Total Liabilities & Shareholders' Equity	$ 281,702	$ 229,166

* At lower of cost (average) or market.

# Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

% Income bef. Taxes to Revenues	16.83	14.31
% Net Income to Revenues	11.15	9.16
% Net Income to Equity	15.13	10.84
Debt to Equity	0.02	0.03
Working Capital	$ 165,501,000	$ 152,638,000
Current Ratio	3.83	4.91
Shareholders' Equity	$ 221,709,000	$ 187,524,000

Metex Corporation

(Acquired by United Capital Corp. on March 3, 1989.)

200-C Corporate Court
South Plainfield, New Jersey 07080
(201) 756-3400

Officers: Attilio F. Petrocelli, chairman of the board; Mason N. Carter, president & chief executive officer; Robert E. Schaffhauser, v.p.-finance, treasurer & secretary; David P. Lavery, controller; Lyonel E. Zunz, asst. secretary; Lorraine A. Brown, asst. secretary & asst. treasurer.

Directors: Attilio F. Petrocelli, chairman; Mason N. Carter, Marvin Eiseman, Walter F. Gips, Jr., Leonard Gubar, Samuel Lieben, Anthony J. Petrocelli, Robert E. Schaffhauser, Bernard Turiel.

Areas of Work: The Company's operations are divided into three principal operating units: Dorne & Margolin, Inc., the Technical Products Division, and the Field Transformer Division. The Dorne & Margolin business unit designs, manufactures and markets electronic rescue equipment and antenna systems for aircracraft and ground-based operations. The Technical products business unit designs, manufactures and markets gaskets, seals, filters, silencers, mufflers, and shock and vibration isolators, all of which must function in adverse environments. The Field Transformer business unit designs, manufactures and markets dry-type specialty transformers and reactors for motor controllers, rectifiers, inverters and other electrical devices.

Divisions and Subsidiaries:

Dorne & Margolin, Inc.
Bohemia, New York

Technical Products Division
Edison, New York
Field Transformers Division

Number of Employees:

1987 370
1986 363
1985 475

Plant Footage:

1987 .... 113,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 31,003,000	$ 246,000
1986	27,631,000	1,048,000
1985	29,437,000	2,030,000
1984	28,247,000	1,649,000
1983	14,874,000	1,136,000

	No. of Com. Share ‡	Earn. per Share ‡
1987	1,334,134	$ 0.18
1986	1,350,086	0.78
1985	1,343,491	1.51
1984	1,300,960	1.27
1983	1,248,534	0.91

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjust to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	—	3-for-2
1984	—	—	—
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 18,851,000	$ 14.13
1986	18,342,000	13.59
1985	17,436,000	12.98
1984	15,343,000	11.79
1983	13,158,000	10.54

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	12/26/87	12/27/86
Net sales	$ 31,002,559	$ 27,630,889
Cost of sales	23,523,779	20,938,650
Expenses	5,375,589	5,441,003
Other expense (income)	1,105,176	(20,251)
Income before taxes	$ 998,015	$ 1,271,487
Income taxes	752,000	223,500
Net Income	$ 246,015	$ 1,047,987

* Included in Costs and Expenses, Depreciation and Amortization: $1,428,600 in 1987 and $1,632,479 in 1986.

Assets

As of	12/26/87	12/27/86
Cash	$ 83,924	$ 143,305
Marketable securities	3,725,478	140,000
Accts. receiv., net	6,658,631	5,252,345
*Inventories	5,106,406	8,504,952
Prepaid expenses	180,676	159,753
Deferred inc. taxes	360,000	—
Current Assets	$ 16,115,115	$ 15,229,126
Assets pledged as collateral	3,643,750	3,643,750
#Fixed assets	6,716,984	7,175,883
Land and bldg. held for sale	1,045,464	1,028,771
Notes receivable	179,260	709,475
Other assets	802,154	792,606
Intangibles	—	318,003
Total Assets	$ 28,502,727	$ 27,868,843

Liabilities

Long-term debt, curr.	$ 265,090	$ 110,300
Short-term notes	—	650,000
Accts. payable	1,401,800	1,239,016
Accruals	1,544,168	1,483,511
Income taxes	1,499,089	630,409
Deferred income taxes	—	104,000
Curr. Liabilities	$ 4,710,147	$ 4,217,236
Long-term debt	3,447,305	3,797,798
Deferred inc. taxes	1,494,000	1,512,000
+Common stock	350,220	338,707
Add. paid-in capital	1,109,532	809,271
Retained earnings	17,784,551	17,538,536
Unrealized loss	(197,428)	(151,105)
Treasury stock	(193,600)	(193,600)
Total Liabilities & Shareholders' Equity	$ 28,502,727	$ 27,868,943

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.22	4.60
%Net Income to Sales	0.79	3.79
%Net Income to Equity	1.31	5.71
Sales to Inventories	6.07	3.25
Debt to Equity	0.20	0.21
Working Capital	$ 11,404,968	$ 9,983,119
Current Ratio	3.42	3.37
Shareholders' Equity	$ 18,851,275	$ 18,341,809

Methode Electronics, Inc.

7444 West Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600

Officers: William J. McGinley, president; William T. Jensen, executive vice president; Kevin Hayes, v.p. & treasurer; Dennis L. Stalzer, exec. v.p.; Michael G. Andre, exec. v.p.; Arnold A. Brevick, v.p.-Electrical Products Division; William T. Dwyer, v.p.-Technical Components Co., Inc.; Daniel D. Ferguson, gen. mgr.-Interconnect Products Division; Joseph L. Mulcahy, gen. mgr.-Methode Electronics, Inc.-East; William J. Green, v.p.-Methode Development Company; Gerald E. Kirschenbaum, v.p.-Trace Laboratories West; K.S. Gan, managing dir.-Methode Electronics, Far East PTE, Ltd.; James W. McGinley, gen. mgr.-Connector Division; Terry W.J. O'Brien, gen. mgr.-Lucas Methode Connectors Ltd.; James A. Robinson, pres.-Trace Instruments Co., Inc.; John A. Sider, v.p.-Bus Bar Division; George A. Smith, v.p.-Trace Labroatories East; Eric L. Vollmar, pres.-Graphic Research, Inc.; James M. Monahan, gen. mgr.-Backplane Division; John R. Cannon, gen. mgr.-dataMate Division; Robert Kuehnau, corp. controller; Jeffry Schutt, gen. mgr.-Trace Laboratories Central.

Directors: William J. McGinley, William T. Jensen, George C. Wright, Robert C. Keck, Raymond J. Roberts, William C. Croft, Kevin J. Hayes, Dennis L. Stalzer, Michael G. Andre.

Areas of Work: Develops and manufactures electronic component devices, including printed circuits, connectors, switches, busbars and back-planes, used in the production of equipment such as computers, communication systems and consumer electronic equipment. Produces automated circuit verification test equipment and performs qualification testing and certification of printed circuit boards.

Divisions and Subsidiaries:

Methode Development Company
7444 W. Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600
Electronic chemicals, materials, process refinement.

Electrical Products Division
111 West Buchanan Street
Carthage, Illinois 62321
(217) 357-3941
Automotive switches and controls.

Methode Electronics, Inc. East
Printed Circuit Division
One Industrial Park, Box M
Willingboro, New Jersey 08046
(609) 871-3500
Printed circuits.

Interconnect Products Division
1700 Hicks Road
Rolling Meadows, Illinois 60008
(312) 392-3500
Interconnect systems, microcircuit sockets. devices and custom wiring harnesses.

Connector Division
7447 W. Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600
Connectors-card receptable, rack and panel, punched plate, connector circuit, card panel assemblies and wire panels, plyoduct conductor cables.

Graphic Research, Inc.
9334 Mason Avenue
Chatsworth, California 91311
(213) 886-7340
Printed circuits.

Technical Components Company, Inc.
6633 W. 99th Street
Chicago Ridge, Illinois 60415
(312) 424-1900
High voltage leads and harnesses, jacks, and jack panel assemblies, and battery cables.

Trace Instruments Co., Inc.
9020 Eton Ave.
Canoga Park, California 91304
(213) 341-5593
Electronic testing equipment.

Trace Laboratories
Bus Bar Division
Backplane Division
Methode Electronics, Far East PTE, Ltd.
Lucas Methode Connectors Ltd.

Transfer Agent(s):

Continental Illinois National Bank and
Trust Company of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: METHA and METHB (NASDAQ)

Number of Employees:

1988 2,043

Plant Footage:

1988 .... 450,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 112,686,853	$ 5,126,740
1987	95,662,301	2,942,221
1986	95,992,692	5,864,561
1985	82,441,504	5,107,669
1984	66,349,215	3,159,617

	No. of Com. Shares †	Earn. per Share †
1988	10,860,000	$ 0.47
1987	10,831,000	0.27
1986	10,473,000	0.56
1985	9,260,000	0.55
1984	8,780,000	0.36

† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 0.13	—	—
1987	0.13	—	
1986	0.13	—	2-for-1
1985	0.11	—	—
1984	0.11	—	2-for-1

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1988	$ 48,106,972	$ 4.43
1987	43,000,767	3.97
1986	40,408,327	3.74
1985	27,937,042	2.92
1984	20,532,234	2.32

‡ After allowing for preferred stock at par value of $100 per share.
† Adjusted to reflect stock splits.

Income Account *

Year ended April 30	1988	1987
Net sales	$ 112,686,853	$ 95,662,301
Other income	626,953	591,966
Total income	$ 113,313,806	$ 96,254,267
Cost of sales	84,481,728	72,001,240
Expenses	20,039,887	17,730,350
Interest expense	565,451	580,456
Income before taxes	$ 8,226,740	$ 5,942,221
Income taxes	3,100,000	3,000,000
Net Income	$ 5,126,740	$ 2,942,221

* Included in Costs and Expenses, Depreciation and Amortization: $4,662,975 in 1988 and $4,204,357 in 1987.

Assets

As of April 30	1988	1987
Cash	$ 3,255,874	$ 5,589,346
Accts. receiv.,	19,119,178	16,288,179
*Inventories	18,655,036	13,969,282
Prepaid expenses	447,474	770,351
Current Assets	$ 41,477,562	$ 36,617,158
#Fixed assets	26,499,448	25,065,414
Other assets	1,641,508	1,290,273
Total Assets	$ 69,618,518	$ 62,972,845

Liabilities

Long-term debt, curr	$ 1,994,208	$ 996,888
Accts. payable	5,928,702	3,806,334
Accrued payroll	3,036,558	2,680,182
Accrued taxes & other exp.	2,632,512	2,325,880
Income taxes	656,089	2,707,739
Curr. Liabilities	$ 14,248,069	$ 12,517,023

Long-term debt:		
Bank note	1,745,000	2,480,000
Mortgage	1,000,685	1,019,304
Bldg. lease agree.	689,000	785,000
Deferred inc. taxes	1,145,000	858,000
Def. compensation	2,627,998	2,212,751
+Preferred stock	100,000	100,000
++Common stock, Class A	4,735,268	4,698,751
++Common stock Class B	762,803	772,497
Stock awards	(219,468)	(287,189)
Add. paid-in capital	12,801,388	12,260,801
Retained earnings	29,980,347	25,626,135
For. curr. trans. adjust.	46,634	(26,022)
Treasury stock	(44,206)	(44,206)
Total Liabilities & Shareholders' Equity	$ 69,618,518	$ 62,972,845

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value, Series A, 4% cumulative convertible.
++ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.30	6.17
%Net Income to Sales	4.55	3.06
%Net Income to Equity	10.64	6.83
Sales to Inventories	6.04	6.85
Debt to Equity	0.11	0.12
Working Capital	$ 27,229,493	$ 24,100,135
Current Ratio	2.91	2.93
Shareholders' Equity	$ 48,162,766	$ 43,100,767

Metro Tel Corp.

485-13 South Broadway
Hicksville, New York 11801-5071
(516) 937-3420

Officers: Venerando J. Indelicato, president, chief executive officer & treasurer; Lloyd Frank, secretary.

Directors: Sheppard Beidler, Venerando J. Indelicato, Lloyd Frank, Michael Michaelson, Leopold Swergold.

Areas of Work: Engaged in the manufacture of telephone test and maintenance equipment, telephone subscriber equipment, telephone power supplies and coupling units, chemically heated soldering irons, and transmission test equipment.

Subsidiaries:

Design Development, Inc.
Santa Clara, California

Buscom Systems, Inc.
Santa Clara, California
Manufactures and markets specialty telephone products.

Transfer Agents:

Registrar & Transfer Co.
10 Commerce Drive
Cranford, New Jersey
Manufactures and markets specialty telephone products.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MTRO (NASDAQ)

Number of Employees:

1988	N.A.	1986	58
1987	74	1985	69

Plant Footage:

1988	N.A.	1986	30,525
1987	34,[illegible]00 sq. ft.	1985	32,525

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 6,295,231	$ 66,032
1987	5,833,015	(106,372)
1986	5,489,193	320,787
1985	4,415,229	386,804
1984	4,834,384	422,108

	No. of Comm. Shares	Earn. per Share #
1988	2,004,046	$ 0.02
1987	1,999,705	—
1986	1,905,183	0.16
1985	1,838,844	0.20
1984	1,661,199	0.22

(Loss)
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.03	5%	
1986	0.03	5%	—
1985	0.03	5%	—
1984	0.025	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 2,518,959	$ 1.26
1987	2,470,252	1.24
1986	2,649,422	1.39
1985	2,454,582	1.33
1984	1,996,188	1.20

Income Account *

Year ended June 30	1988	1987
Net sales	$ 6,295,231	$ 5,833,015
Cost of sales	3,996,230	4,014,721
Expenses	2,048,375	1,871,624
Interest expense	236,124	229,573
Interest income	(159,530)	(111,531)
Interest (loss) before taxes	$ 174,032	$ (171,372)
Income taxes (credit)	108,000	(65,000)
Net Income (Loss)	$ 66,032	$ (106,372)

* Included in Cost and Expenses, Depreciation and Amortization: $252,134 in 1988 and $201,264 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 383,663	$ 452,850
Accts. receiv., net	879,967	1,028,946
*Inventories	2,127,203	1,977,734
Prepaid expenses	16,700	64,899
Refund. inc. taxes	—	145,210
Current Assets	$ 3,407,533	$ 3,669,639
#Fixed assets	637,774	713,395
Other assets	1,272,252	1,951,226
Total Assets	$ 5,317,559	$ 6,334,260

Liabilities

Long-term debt. curr.	$ 428,945	$ 347,952
Accts. payable	100,792	471,310
Accruals	191,990	187,512
Income taxes	149,680	—
Curr. Liabilities	$ 871,407	$ 1,006,774
Long-term debt	1,543,568	2,413,609
Deferred income taxes	23,625	83,625
+ Redeem. preferred stock	360,000	360,000
++ Common stock	50,757	50,649
Add. paid-in capital	1,896,773	1,889,006
Retained earnings	640,179	599,347
Treasury stock	(68,750)	(68,750)
Total Liabilities & Shareholders' Equity	$ 5,317,559	$ 6,334,260

* At lower of cost (weighted average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value; 7% cumulative convertible .
++ $0.025 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.76	—
%Net Income to Sales	1.05	—
%Net Income to Equity	2.62	—
Sales to Inventories	2.96	2.95
Debt to Equity	0.78	1.12
Working Capital	$ 2,536,126	$ 2,671,535
Current Ratio	3.91	3.65
Shareholders' Equity	$ 2,518,959	$ 2,470,252

Micro Mask, Inc.

695 Vaqueros Avenue
Sunnyvale, California 94086
(408) 245-7342

Officers: Joseph C. Ross, Jr., chairman of the board & president; Johnny H. Ashcraft, v.p.-finance & chief financial officer; Donald J. Holthaus, v.p. & asst. secretary; Russell W. Weiss, exec. v.p.; Victor A. Hebert, secretary; Edward C. Grady, v.p. & gen. mgr.-Photomask Division.

Directors: Joseph C. Ross, Jr., chairman; Joseph Chulick, Jr., Noel J. Fenton, Gordon E. Moore, Isaac Stein.

Areas of Work: Manufacturer of photomasks and hard surface photoplates required in the design, engineering and production of integrated circuits and semiconductors. Also manufactures high-quality Winchester disk substrates for computer memory storage and probe cards and related semiconductor equipment.

Divisions and Subsidiaries:

Micro Mask Division
Sunnyvale, California
Supplier of photomasks for the semiconductor and integrated circuit markets.

EMC Division
Azusa, California
Supplier of hard surface glass photoplates, required for manufacturing hard surface photomasks, used in the production of integrated circuits and Winchester disc substrates.

Probe Technology Corporation
Santa Clara, California
Develops, manufactures and markets high-quality probe cards and related products used to test integrated and hybid circuits.

Transfer Agent(s):

First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MCRO (NASDAQ)

Number of Employees:

1988	518	1985	440
1987	425	1984	420
1986	331		

Plant Footage:

1988	101,000 sq. ft.	1985	144,000
1987	101,000	1984	132,000
1986	101,000		

Sales & Earnings

	Net Sales +	Net Income ‡
1988	$ 38,043,000	$ 2,180,000
1987	28,034,000	47,000
1986	21,428,000	(4,477,000)
1985	20,666,000	(1,861,000)
1984	24,624,000	1,659,000

	No. of Com. Shares #	Earn. per Share ‡ #
1988	2,331,909	$ 0.94
1987	2,199,740	0.02
1986	2,154,689	—
1985	2,140,943	—
1984	2,128,425	0.78

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gain of $910,000 ($0.39 per share) in 1988.
# Based on the weighted average number of common shares and, when material, common share equivalents outstanding during the period.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 13,151,000	$ 5.85
1987	10,786,000	4.87
1986	10,616,000	4.91
1985	14,968,000	7.00
1984	16,837,000	7.89

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net sales	$ 38,043,000	$ 28,034
Cost of sales	29,955,000	22,751
Expenses	4,972,000	4,424
Gain on disp. of assets	—	(198)
Interest expense	896,000	1,010
Inc. before taxes	$ 2,220,000	$ 47
Income taxes	950,000	—
Net Income	$ 1,270,000	$ 47
Extraord. gain	910,000	—
Net Income & extraord. gain	$ 2,180,000	$ 47,000

* Included in Cost and Expenses, Depreciation and Amortization: $3,581,000 in 1988 and $3,688,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash	$ 632	$ 679
Accts. receiv., net	5,691	4,613
*Inventories	2,665	2,381
Prepaid expenses	242	284
Current Assets	$ 9,230	$ 7,957
#Fixed assets	15,500	16,115
Restricted funds	—	29
Deposits & other assets	1,148	331
Note receivable	253	253
Total Assets	$ 26,131	$ 24,685

Liabilities
(000's)

Note payable	$ 2,800	$ 2,400
Long-term debt & cap. lease oblig., curr.	2,177	1,964
Accts. payable	1,661	1,688
Accrued payroll	940	649
Other curr. liab.	363	458
Curr. Liabilities	$ 7,941	$ 7,159
Long-term debt	3,986	5,493
Cap. lease oblig.	851	1,045
Deferred inc. taxes	202	202
+ Common stock	2,247	2,213
Add. paid-in capital	3,819	3,668
Retained earnings	7,085	4,905
Total Liabilities & Shareholders' Equity	$ 26,131	$ 24,685

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.84	0.17
%Net Income to Sales	3.34	0.17
%Net Income to Equity	9.66	0.44
Sales to Inventories	14.28	11.77
Debt to Equity	0.75	1.01
Working Capital	$ 1,289,000	$ 798,000
Current Ratio	1.16	1.11
Shareholders' Equity	$ 13,151,000	$ 10,786,000

Microdyne Corporation

P.O. Box 7213

491 Oak Road
Silver Springs Shores Industrial Park
Ocala, Florida 32672
(904) 687-4633

Officers: Louis H. Wolcott, chairman of the board; Kenneth G. Harple, president & chief executive officer; Donald L. Feller, exec. v.p. & secretary; Hank S. Lin, v.p.; Eugene R. Day, v.p., treasurer, asst. secretary & chief financial officer; Richard B. Elsea, v.p.-marketing & sales; David L. Alvarez, v.p.-product management & applications; William M. Lennox, v.p.-engineering & operations; William S. Holderby, v.p.-systems & customer service; George A. Bell, v.p.-satellite communications; David F. Speed, v.p.-international sales.

Directors: Louis H. Wolcott, chairman; Donald L. Feller, Michael S. Balbes, Carl H. Cahill, Sean Boland, Kenneth G. Harple, Robert L. Cantor, Kenneth F. Yarbrough, Carl N. Singer.

Areas of Work: The Company's operations are divided into four business units. The Telemetry Division provides receivers for stations that collect data from satellites, aircraft and missiles. Antennas For Communications, Inc. supplies antennas and radomes for satellite communications, radar systems and microwave relay stations. The Satellite Communications Division builds transmitters and receivers that are used by radio and television broadcasters, private corporate systems and educations networks. The Systems Divison provides application-based telemetry and satellite systems and systems-level software services.

Divisions and Subsidiaries:

Telemetry Division
Satellite Communications Division
Systems Division

Antennas for Communications, Inc.
344 Cypress Road
Silver Springs Shores Industrial Park
Ocala, Florida 32672
(904) 687-4121

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MCDY (NASDAQ)

N. A. - Not Available.

Sales & Earnings

	Net Sales †	Net Income
1988	$ 19,044,199	$ (940,884)
1987	19,178,000	(1,842,362)
1986	24,734,000	(6,029,017)
1985	26,427,000	558,195
1984	27,975,000	221,837

	No. of Com. Shares	Earn. per Share +
1988	4,081,445	$ —
1987	4,181,445	—
1986	4,492,648	—
1985	4,527,648	0.12
1984	4,557,648	0.05

(Loss)
† Of continuing operations only.
+ Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.06	—	
1986	0.06	—	—
1985	0.06	—	—
1984	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 22,901,822	$ 5.92
1987	24,163,988	5.78
1986	27,325,459	6.08
1985	33,768,032	7.46
1984	33,688,146	7.39

Income Account *

Year ended	10/30/88	11/1/87
Net sales	$ 19,044,199	$ 19,178,332
Cost of sales	15,745,192	16,919,247
Writedown for disc. prods.	836,006	—
Plant relocation exp.	275,000	—
Expenses	3,744,329	3,852,541
Interest income	(481,961)	(344,069)
Interest expense	75,020	84,850
Investment loss	—	258,125
Writedown of invest.	—	250,000
Loss - cont. oper.	$ (1,149,387)	$ (1,842,362)
Inc. - discont. oper.	208,503	—
Net Loss	$ (940,884)	$ (1,842,362)

* Included in Costs and Expenses, Depreciation: $921,859 in 1988 and $988,393 in 1987.

Assets

As of	10/30/88	11/1/87
Cash & cash equiv.	$ 5,048,445	$ 2,504,854
Short-term invest.	1,903,257	4,042,000
Accts. receiv., net	5,994,039	6,516,367
*Inventories	7,595,816	8,210,537
Prepaid expenses	137,526	138,583
Income taxes	—	54,312
Current Assets	$ 20,679,083	$ 21,466,653

#Fixed assets	4,521,912	4,979,817
Market. securities	241,875	241,875
Receiv. on install. sales	—	1,065
Other assets	270,965	281,268
Total Assets	$ 25,713,835	$ 26,970,678

Liabilities

Cap. lease oblig., curr.	$ —	$ 14,196
Notes payable	84,157	80,888
Accts. payable	855,441	699,574
Accruals	1,168,898	923,979
Customer deposits	12,278	48,237
Dividends payable	—	125,443
Curr. Liabilities	$ 2,120,774	$ 1,892,317
Net. liab. of discont. oper.	—	81,227
Long-term debt	691,239	833,146
+Common stock	455,765	455,765
Add. paid-in capital	20,353,618	20,353,618
Retained earnings	3,974,533	4,915,417
Treasury stock	(1,882,094)	(1,560,812)
Total Liabilities & Shareholders' Equity	$ 25,713,835	$ 26,970,678

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	2.51	2.34
Debt to Equity	0.03	0.04
Working Capital	$ 18,558,309	$ 19,574,336
Current Ratio	9.75	11.34
Shareholders' Equity	$ 22,901,822	$ 24,163,988

Micropolis Corporation

21211 Nordhoff Street
Chatsworth, California 91311
(818) 709-3300

Officers: Stuart P. Mabon, chairman of the board & president; Ericson M. Dunstan, sr. v.p.-corporate engineering & secretary; Chester Baffa, sr. v.p.-marketing & sales; Dundas I. Flaherty, sr. v.p.-finance & chief financial officer; Constance J. Friedman, v.p.-human resources; Eugene F. Hovanec, v.p. & controller; Barry L. Kasarda, v.p.-materials; Terrence Ostridge, v.p.-European operations; Robert L. Rauch, v.p.-quality; A.T.M. Robertson, v.p.-engineering; Lin-Hong Wong, v.p.-Singapore operations; David L. Bultman, v.p. & division gen. mgr.; Richard J. Decker, v.p.-management information systems; Barbara V. Scherer, treasurer.

Directors: Stuart P. Mabon, chairman; Ericson M. Dunstan, J. Burgess Jamieson, Theodore J. Smith, .

Areas of Work: Designs and manufactures high-performance 5.25-inch Winchester disk drives and markets these to original equipment manufacturers.

Subsidiaries:

Micropolis GmbH
Behringstr. 10
8033 Planegg bei Munchen
West Germany

Micropolis SARL
2 rue du Buisson aux Fraises
Z.I de la Bonde
91300 Massy, France

Micropolis Scandinavia
Alpvagen 10, Box 20117
16102 Bromma, Sweden

Micropolis Corporation (Thailand) Ltd.
733/3-6 Phaholyothin Road
Lumlookar Pathumthani 12130, Thailand

Transfer Agent(s):

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MLIS (NASDAQ)

Number of Employees:

1988	3,198	1986	1,792
1987	N.A.		

Plant Footage:

1988	432,000 sq. ft.	1986	220,000
1987	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 353,057,000	$ (19,407,000)
1987	288,256,000	27,240,000
1986	213,135,000	18,250,000
1985	94,895,000	2,777,000
1984	60,147,000	819,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	11,464,000	$ —
1987	11,335,000	2.40
1986	10,585,000	1.72
1985	9,350,000	0.30
1984	9,313,000	0.09

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 121,151,000	$ 10.57
1987	139,317,000	12.29
1986	110,719,000	10.46
1985	63,689,000	6.81
1984	60,691,000	6.52

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	12/30/88	12/25/87
Net sales	$ 353,057	$ 288,256
Cost of sales	324,636	218,397
Expenses:		
Res. & develop.	18,351	13,599
Selling, gen. & adm.	28,386	21,760
Interest expense (income)	1,815	(1,820)
Income (loss) bef. taxes	$ (20,131)	$ 36,320
Income taxes (credit)	(724)	9,080
Net Income (Loss)	$ (19,407)	$ 27,240

* Included in Costs and Expenses, Depreciation and Amortization: $8,740,000 in 1987 and $8,257,000 in 1986.

Assets
(000's)

As of	12/30/88	12/25/87
Cash	$ 14,940	$ 100,538
Accts. receiv., net	74,245	60,062
*Inventories	112,440	52,359
Other curr. assets	7,538	8,545
Current Assets	$ 209,163	$ 221,504
#Fixed assets	88,820	39,536
Other assets	2,419	2,497
Total Assets	$ 300,402	$ 263,537

Liabilities

Note payable	$ 15,000	$ —
Accts. payable	63,649	28,170
Accrued payroll	4,093	2,632
Other accruals	4,778	4,140
Income taxes	10,674	9,612
Curr. Liabilities	$ 98,194	$ 44,554
Convert. subord. deben.	75,000	75,000
Deferred inc. taxes	6,057	4,666
+Common stock	11,493	11,386
Add. paid-in capital	75,626	74,492
Retained earnings	34,032	53,439
Total Liabilities & Shareholders' Equity	$ 300,402	$ 263,537

* At lower of cost (standard) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. taxes to Sales	—	12.60
%Net Income to Sales	—	9.46
%Net Income to Equity	—	19.55
Sales to Inventories	3.14	5.51
Debt to Equity	0.12	—
Working Capital	$ 110,969,000	$ 176,950,000
Current Ratio	2.13	4.97
Shareholders' Equity	$ 121,151,000	$ 139,317,000

Microsemi Corporation

2830 South Fairview Street
Santa Ana, California 92704
(714) 979-8220

Officers: Philip Frey, Jr., chairman of the board, president & chief exec. officer; Richard L. Geiger, vice chairman of the board; Jiri Sandera, v.p.-engineering; David R. Sonksen, v.p.-finance, chief financial officer, treasurer & secretary; Thomas Hurley, v.p.-marketing & sales.

Directors: Richard L. Geiger, chairman; Philip Frey, Jr., Lester Kilpatrick, Jiri Sandera, Fred Burns, Brad Davidson, Herman Fialkov.

Areas of Work: The Company designs and manufactures a broad line of discrete semiconductors, and microelectronic hybrid and surface mount assemblies, and provides hi-rel screening and testing services, principally for military, aerospace, medical, computer, telecommunications and other electronics markets. Major products are silicon rectifiers, zener diodes, low-leakage and high-voltage diodes, temperature-compensated zener diodes and a family of subminiature high-power transient suppressor diodes.

Subsidiaries:

Microsemiconductor Ltd.
Hong Kong
Manufacturer of semiconductor products.

Microsemi Corp.- Scottsdale
Scottsdale, Arizona

Microcap, Inc.
San Diego, California
Manufacture of multilayer ceramic capacitors.

Semcon Electronics Pvt. Ltd.
Bombay, India

Bikor Corporation
Torrance, California
Manufactures power supplies for the telecommunications industry.

Hybrid Compunents, Inc.
Beverly, Massachusetts
Screens and tests components.

Omni Technology Corporation
San Jose, California
Screens and tests components.

Salem Scientific, Inc.
Beverly, Massachusetts
Distributes specialty semiconductor dice.

Surface Mounted Technology Corporation
San Jose, California
Manufactures surface mounted printed circuit board assemblies.

Vitarel Microelectronics, Inc. (85% owned)
San Diego, California
Manufactures microelectronic hybrid circuits.

Universal Microtechnologies, Inc.
Beverly, Massachusetts

Microsemi Corp. - Colorado
Golden, Colorado
Manufactures and markets power semiconductors.

Acquisitions:

General Microcircuits, Inc.
Mooresville, North Carolina
Manufactures surface mounted printed circuit board assemblies.

Distributed Microtechnology, Inc.
Orange, California
Distributes hi-rel semiconductors and also provides added value testing and screening services.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MSCC (NASDAQ)

Number of Employees:

1988	2,417	1985	1,120
1987	N.A.	1984	1,115
1986	1,120		

Plant Footage:

1988	646,215 sq. ft.	1985	208,000
1987	N.A.	1984	208,000
1986	208,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income #
1988*	$ 83,708,000	$ 2,973,000
1987	46,821,000	5,310,000
1986	38,742,000	5,475,000
1985	34,578,000	4,046,000
1984	30,278,000	2,717,000

	No. of Com. Shares ‡	Earn. per Share #‡
1988*	8,611,000	$ 0.35
1987	9,220,000	0.58
1986	8,588,000	0.64
1985	7,856,000	0.52
1984	7,362,000	0.38

* 53 weeks.
# Including extraordinary gain of $493,000 ($0.06 per share) in 1988.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 32,112,000	$ 3.73
1987	37,076,000	4.02
1986	33,360,000	3.88
1985	17,301,000	2.20
1984	11,573,000	1.57

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	10/2/88 (53 weeks)	9/27/87
Net sales	$ 83,708,000	$ 46,821,000
Cost of sales	59,446,000	28,453,000
Expenses	17,384,000	8,155,000
Loss (gain) on sale	166,000	(265,000)
Interest expense	3,814,000	1,732,000
Interest income	(1,182,000)	(1,694,000)
Other expense (income)	(883,000)	2,013,000
Income before taxes	$ 4,963,000	$ 8,427,000
Income taxes	2,483,000	3,117,000
Net Income	$ 2,480,000	$ 5,310,000
Extraord. gain	493,000	—
Net Income & extraord. gain	$ 2,973,000	$ 5,310,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,467,000 in 1988 and $1,513,000 in 1987.

Assets

As of	10/2/88	9/27/87
Cash	$ 1,925,000	$ 1,653,000
Certificate of deposit	—	3,032,000
Marketable securities	373,000	23,554,000
Accts. receiv., net	15,152,000	10,784,000
*Inventories	27,274,000	14,603,000
Deferred income taxes	1,385,000	604,000
Other curr. assets	2,342,000	2,669,000
Current Assets	$ 48,451,000	$ 56,899,000
#Fixed assets	37,590,000	20,962,000
Other assets	17,578,000	14,674,000
Total Assets	$ 103,619,000	$ 92,535,000

Liabilities

Notes payable	$ 3,380,000	$ 698,000
Long-term debt, curr.	921,000	241,000
Accts. payable & accruals	12,174,000	7,258,000
Income taxes	1,035,000	—
Curr. Liabilities	$ 17,510,000	$ 8,197,000
Long-term debt	50,770,000	46,870,000
Other liabilities	506,000	392,000
Minority interest	1,421,000	—
+Common stock	1,577,000	1,824,000
Add. paid-in capital	14,947,000	17,280,000
Retained earnings	15,588,000	17,972,000
Total Liabilities & Shareholders' Equity	$ 103,619,000	$ 92,535,000

* At lower of cost (FIFO) or market; Scottsdale, AZ. inventory at LIFO.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.93	18.00
%Net Income to Sales	2.96	11.34
%Net Income to Equity	7.72	14.32
Sales to Inventories	3.07	3.21
Debt to Equity	1.71	1.29
Working Capital	$ 30,941,000	$ 48,702,000
Current Ratio	2.77	6.94
Shareholders' Equity	$ 32,112,000	$ 37,076,000

Microwave Filter Company, Inc.

6743 Kinne Street
East Syracuse, New York 13057
(315) 437-3953

Officers: Carson Buck, chairman; Glyn Bostick, president; Emily Bostick, exec. v.p., corp. secretary & director of sales; Alice Berry, v.p. & director of employee development; William P. Johnson, v.p. & director of engineering; Richard L. Jones, v.p. & treasurer; Robert Portmess, v.p.-manufacturing.

Directors: Carson Buck, chairman of the board; Glyn Bostick, Emily Bostick, Trudi Berwick Artini, Michael Chiappone, Henry Cramer, Edward Dietrich, Frederick Dix, Carl F. Fahrenkrug, William J. Fraser, Louis Misenti, David Robinson.

Areas of Work: Designs and manufactures microwave components and integrated microwave assemblies and systems for use in electronic communications industries, including cable television, satellite communications, microwave communications (including defense electronics), personal communications (amateur radio), and radio frequency electronics.

Subsidiary:

Microwave Filter International, Ltd.
Foreign Sales Corporation.

Transfer Agent(s):

Microwave Filter Company, Inc.
East Syracuse, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MFCO (NASDAQ)

Plant Footage:

1988	24,000 sq. ft.	1986	24,000
1987	24,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 5,271,580	$ 418,117
1987	4,647,900	322,426
1986	5,301,012	234,549
1985	5,032,572	393,310
1984	4,491,192	381,607

	No. of Com. Shares ‡	Earn. per Share ‡
1988	2,485,485	$ 0.17
1987	2,481,990	0.13
1986	2,473,648	0.09
1985	2,459,652	0.16
1984	2,448,408	0.16

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	5%	—
1987	—	5%	
1986	—	5%	—
1985	—	1.5%	—
1984	—	2%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 2,657,724	$ 1.07
1987	2,235,169	0.90
1986	1,901,706	0.77
1985	1,630,876	0.66
1984	1,197,837	0.49

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account*

Year ended Sept. 30	1988	1987
Net sales	$ 5,271,580	$ 4,647,900
Cost of sales	2,580,827	2,259,403
Expenses	2,090,760	1,868,037
Rental income	(52,020)	(52,020)
Other income	(23,327)	(6,114)
Interest income	(33,698)	(25,615)
Interest expense	45,350	50,019
Income before taxes	$ 663,688	$ 554,190
Income taxes	245,571	231,764
Net Income	$ 418,117	$ 322,426

* Included in Costs and Expenses, Depreciation and Amortization: $185,428 in 1988 and $158,917 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 40,552	$ 38,765
Cert. of deposit	473,474	565,524
Accts. receiv, net	728,617	724,430
*Inventories	1,039,367	724,752
Prepaid expenses	73,710	116,605
Current Assets	$ 2,355,720	$ 2,170,076
#Fixed assets	1,584,860	1,532,308
Other assets	7,704	28,747
Total Assets	$ 3,948,284	$ 3,731,131

Liabilities

	1988	1987
Notes payable	$ 18,177	$ 40,177
Cap. lease oblig., curr.	55,859	53,765
Accts. payable	220,747	284,762
Accrued payroll	199,208	186,423
Accrued inc. taxes	26,947	148,648
Accrued profit sharing	40,000	25,000
Curr. Liabilities	$ 560,938	$ 738,775
Cap. lease oblig.	510,975	566,522
Deferred comp.	57,629	48,029
Deferred inc. taxes	161,018	142,636
+Common stock	248,761	236,475
Add. paid-in capital	1,277,236	1,144,143
Retained earnings	1,135,816	858,640
Treasury stock	(4,089)	(4,089)
Total Liabilities & Shareholders' Equity	$ 3,948,284	$ 3,731,131

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.59	11.92
%Net Income to Sales	7.93	6.94
%Net Income to Equity	15.73	14.43
Sales to Inventories	5.07	6.41
Debt to Equity	0.22	0.30
Working Capital	$ 1,794,782	$ 1,431,301
Current Ratio	4.20	2.94
Shareholders' Equity	$ 2,657,724	$ 2,235,169

Milgray Electronics, Inc.

77 Schmitt Boulevard
Farmingdale, New York 11735
(516) 420-9800

Officers: Herbert S. Davidson, president; Richard Hyman, exec. v.p. & v.p.-sales/marketing; Herschel M. Weinberg, secretary; John R. Tortorici, v.p.-finance, treasurer & asst. secretary; Elio Carlino, controller.

Directors: Herbert S. Davidson, Robert G. Davidoff, Richard Hyman, Herschel M. Weinberg.

Areas of Work: Engaged in the distribution of electronic components produced by a large number of manufacturers. Items sold consist principally of semiconductors, electromechanical devices (relays and electronic hardware) and capacitors.

Divisions and Subsidiaries:

Milgray/Cleveland, Inc.
6155 Rockside Road
Cleveland, Ohio 44131
(216) 447-1520

Milgray/Florida, Inc.
1850 Lee Road, Suite 104
Winter Park, Florida 32789
(407) 647-5747

Milgray/International, Inc./Milgray Electronics AG
77 Schmitt Boulevard
Farmingdale, New York 11735
(516) 420-9800

Milgray Electronics, Inc.
30 West Drive
Brighton, Sussex BN2 2GE, England

7320 Goeppingen,
West Germany

Chamerstrasse 50
Zug, Switzerland

Milgray/Delaware Valley, Inc.
3001 Greentree Executive Campus
Marlton, New Jersey 08053
(609) 983-5010

Milgray/Atlanta
3000 Northwoods Parkway
Norcross, Georgia 30071
(404) 446-9777

Milgray/Kansas City, Inc.
6400 Glenwood
Overland Park, Kansas 66202
(913) 236-8800

Milgray/New York, Inc.
77 Schmitt Boulevard
Farmingdale, New York 11735
(516) 391-3000

Milgray/Upstate New York
1200-A Scottsville Road
Rochester, New York 14624
(716) 235-0830

Milgray/Washington, Inc.
9801 Broken Land Parkway
Columbia, Maryland 21046
(301) 995-6169

Birnbach Co., Inc.
81 Schmitt Boulevard
Farmingdale, New York 11735
(516) 420-0400

Milgray/Connecticut
326 West Main Street
Milford, Connecticut 06460
(203) 878-5538

Milgray/Chicago, Inc.
323 North Wilke Road
Arlington Heights, Illinois 60004
(312) 253-1212

Milgray/Dallas, Inc.
16610 North Dallas Parkway
Dallas, Texas 75248
(214) 248-1603

Milgray/California, Inc.
912 Pancho Road
Camarillo, California 93010

Milgray/New England, Inc.
187 Ballardvale Street
Wilmington, Massachusetts 01887
(617) 657-5900

Milgray/Toronto, Inc.
150 Consumers Road
Willowdale, Ontario M2J 4R4 Canada
(416) 756-4481

Milgray/Utah, Inc.
4190 South Highland Drive
Salt Lake City, Utah 84124
(801) 272-4999

Milgray Electronics/P.R., Inc.
Calle #1, Carr. 188
Canovanas 00629 Puerto Rico
(809) 876-8285

Transfer Agent(s):

Registrar and Transfer Co.
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MGRY

Number of Employees:

1988	380	1985	280
1987	330	1984	260
1986	300		

Plant Footage:

1988	80,000 sq. ft.	1985	80,000
1987	80,000	1984	80,000
1986	80,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 97,072,958	$ 2,281,485
1987	73,797,920	851,628
1986	62,004,437	175,738
1985	57,533,211	616,352
1984	75,496,907	4,180,257

	No. of Com. Shares	Earn. per Share ‡
1988	778,690	$ 2.93
1987	778,690	1.09
1986	778,690	0.23
1985	778,690	0.79
1984	778,690	5.37

‡ Based on the weighted average number of common shares outstanding during each period.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 13,880,717	$ 17.83
1987	11,599,237	14.90
1986	10,747,609	13.80
1985	10,571,871	13.58
1984	9,955,519	12.78

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 97,072,958	$ 73,797,920
Cost of sales	70,447,456	56,008,683
Expenses	21,693,114	16,285,821
Interest expense	901,943	755,556
Income before taxes	$ 4,030,445	$ 747,860
Income taxes	1,748,960	247,432
Cum. effect of change in inventory method	—	(351,200)
Net Income	$ 2,281,485	$ 851,628

* Included in Costs and Expenses, Depreciation and Amortization: $229,688 in 1988 and $203,335 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 2,077,270	$ 1,025,168
Accts. receiv., net	11,464,992	11,848,905
*Inventories	18,567,436	15,803,733
Prepaid expenses & sundry expenses	260,929	263,095
Current Assets	$ 32,370,627	$ 28,940,901
#Fixed assets	2,521,405	2,311,008
Other assets	218,507	160,875
Total Assets	$ 35,110,539	$ 31,412,784

Liabilities

	1988	1987
Long-term debt, curr.	$ 120,884	$ 116,841
Demand loans	399,430	163,087
Accts. payable	6,666,126	7,688,805
Accruals & sundry liabilities	2,491,101	1,258,773
Inc. taxes payable	1,109,920	636,047
Def. income taxes	240,729	744,896
Curr. Liabilities	$ 11,028,190	$ 10,608,444
Long-term debt	9,889,947	8,862,370
Deferred income taxes payable	311,685	342,733
+Common stock	200,003	200,003
Add. paid-in capital	26,675	26,675
Retained earnings	13,704,604	11,423,124
Treasury stock	(50,565)	(50,565)
Total Liabilities & Shareholders' Equity	$ 35,110,539	$ 31,412,784

* At lower of cost (moving average) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	4.15	1.01
%Net Income to Sales	2.35	1.15
%Net Income to Equity	16.44	7.34
Sales to Inventories	5.23	4.67
Debt to Equity	0.75	0.77
Working Capital	$ 21,342,437	$ 18,332,457
Current Ratio	2.94	2.73
Shareholders' Equity	$ 13,880,717	$ 11,599,237

Milton Roy Company

Suite 900, 111 Second Avenue N.E.
P.O. Box 12169
St. Petersburg, Florida 33733-2169
(813) 823-4444

Officers: Richard E. Schmidt, chairman & president; H. Rodman Smith, sr. v.p.; W. Barry Gilbert, v.p.; Stephen G. Matthews, v.p.; Douglas J. Bingler, v.p.; Jean-Claude Degremont, v.p.-international; John M. McNamara, v.p.-finance & secretary; Darrell N. Clark, v.p.-human resources; Eileen L. Cole, asst. secretary; J. Ronald Moore, v.p. & controller; Luis E. Leon, treasurer.

Directors: Robert T. Sheen*, Dan L. McGurk, Edmund H. Damon, James F. Healey*, John P. Horgan*, Philip A. Sprague, John T. Subak*, Robert F. Murphy, Albert R. Snider, Richard E. Schmidt*, Jean-Claude Degremont.

* Member of the Executive Committee

Areas of Work: Manufactures and markets instruments and systems for metering, analyzing and controlling liquids and gases.

Divisions and Subsidiaries:

Analytical Instruments Group
High performance liquid chromatography components and systems, mass spectrometers, spectrophotomers, laser light scattering instruments, image and color analyzers, diffraction gratings.

Analytical Products
Rochester, New York

Laboratory Data Control Division
Riviera Beach, Florida
(305) 844-5241

Process Analytical Division
Anaheim, California

Milton Roy (France) S.A.
Paris, France

Milton Roy (U.K.) Ltd.
Stone, England

Laboratory Data Control-Shannon
Shannon, Ireland

Milton Roy (Deutschland) GmbH
Frankfurt, West Germany

Milton Roy K.K.
Tokyo, Japan

Milton Roy (Belgium) N.V.
Oostende, Belgium

Milton Roy (Hong Kong) Ltd.
Wanchai, Hong Kong

Fluid Control Group
Controlled volume pumps; water quality systems; engineered chemical feed systems; special purpose centrifugal pumps; electronic actuators.

Hartell Division
Ivyland, Pennsylvania

Flow Control Division
Ivyland, Pennsylvania

Milton Roy Industries, Inc.
Peterborough, Ontario, Canada

Dosapro-Milton Roy S.A.
Pont-Saint-Pierre, France

Dosapro-Milton Roy Iberica S.A.
Madrid, Spain

Dosapro-Milton Roy S.P.A.
Milan, Italy

Dosapro-Milton Roy GmbH
Obertshausen, West Germany

Dosapro-Milton Roy (UK) Ltd.
Wokingham, England

Acquisition:

Liquid Metronics Incorporated
Acton, Massachusetts
Manufactures low pressure/low flow rate metering pumps.

Transfer Agent(s):

Mellon Bank (East) N.A.
Stock Transfer Division
P.O. Box 444
Pittsburgh, Pennsylvania 15230-0444
(412) 456-8170

Stock Exchange(s): New York

Ticker Symbol: MRC

Number of Employees:

1988	1,250	1985	1,456
1987	1,145	1984	1,114
1986	1,324		

Plant Footage:

1988 .... 557,997 sq. ft. 1987 545,211

Sales & Earnings x

	Net Sales †	Net Income
1988	$ 140,715,000	$ 5,686,000
1987	126,804,000	4,303,000
1986	126,909,000	(5,440,000)
1985	107,629,000	674,000
1984	79,993,000	4,602,000

	No. of Com. Shares	Earn. per Share #
1988	5,612,000	$ 1.06
1987	5,360,000	0.82
1986	5,333,000	—
1985	5,269,000	0.13
1984	5,198,000	0.91

(Loss)
x Restated to include operations of Liquid Metronics Incorporated, acquired on a pooling of interests basis.
† Of continuing operations only; includes services.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Laboratory Analytical Instrumentation	$ 55,223	$ 53,310
Fluid Control Instrumentation	85,492	73,494
Total	$ 140,715	$ 126,804

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.44	—	—
1987	0.44	—	
1986	0.44	—	—
1985	0.43	—	—
1984	0.39	—	—

Common Stock Equity x

	Total Equity	Equity Per Share
1988	$ 44,947,000	$ 8.01
1987	39,337,000	7.34
1986	33,710,000	6.32
1985	40,194,000	7.63
1984	38,866,000	7.48

x Restated.

Milton Roy Company

Income Account *

Year ended Dec. 31	1988	1987‡
Net sales	$ 140,715,000	$ 126,804,000
Cost of sales	77,634,000	70,365,000
Expenses:		
Market. & adm.	42,927,000	39,096,000
Res., develop. & eng.	9,100,000	7,612,000
Interest expense	2,986,000	3,239,000
Other income	(2,986,000)	(3,239,000)
Income bef. taxes	$ 9,046,000	$ 7,318,000
Income taxes	3,360,000	3,015,000
Net Income	$ 5,686,000	$ 4,303,000

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $4,954,000 in 1988 and $4,512,000 in 1987.

Assets

As of Dec. 31	1988	1987‡
Cash & cash equiv.	$ 4,118,000	$ 6,401,000
Accounts & notes receiv.	30,811,000	29,359,000
Refund. inc. taxes	—	3,732,000
*Inventories	25,770,000	24,364,000
Prepaid expenses	765,000	571,000
Deferred inc. taxes	933,000	—
Current Assets	$ 62,397,000	$ 64,427,000
#Fixed assets	24,304,000	26,036,000
Project fund	603,000	6,241,000
Notes receiv. & other assets	3,184,000	3,413,000
Intangibles	3,944,000	4,378,000
Total Assets	$ 94,432,000	$ 104,495,000

Liabilities

Notes payable	$ 5,452,000	$ 9,476,000
Long-term debt, curr.	2,458,000	2,578,000
Accts. payable & accruals	22,600,000	22,115,000
Income taxes	3,184,000	1,182,000
Curr. Liabilities	$ 33,694,000	$ 35,351,000
Long-term debt.	14,219,000	27,613,000
Deferred inc. taxes	372,000	451,000
Other liab.	1,200,000	1,743,000
+Common stock	5,612,000	5,360,000
Add. paid-in capital	8,129,000	5,684,000
For. curr. trans.	1,419,000	2,177,000
Retained earnings	29,787,000	26,116,000
Total Liabilities & Shareholders' Equity	$ 94,432,000	$ 104,495,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.43	5.77
%Net Income to Sales	4.04	3.39
%Net Income to Equity	12.65	10.94
Sales to Inventories	5.46	5.20
Debt to Equity	0.49	1.01
Working Capital	$ 28,703,000	$ 29,076,000
Current Ratio	1.85	1.82
Shareholders' Equity	$ 44,947,000	$ 39,337,000

Mini-Computer Systems, Inc.

5 Corporate Park Drive
White Plains, New York 10604
(914) 694-1101

Officers: William R. Doniger, chairman of the board & chief financial officer; Michael W. Brennan, president & chief executive officer; Lawrence Howell, president-Campus America, Inc..

Directors: William R. Doniger, chairman of the board; Michael W. Brennan, Michael Epstein.

Areas of Work: Engaged primarily in the sale of computer administrative systems for colleges and universities; the maintenance of Data General Corporation based computer systems; and the operation of credit collection agencies which primarily service hospitals. The Company is also engaged in the sale of computer hardware as part of an integrated computer system.

Subsidiaries:

Optim Computer Group Ltd. (37%-owned)
London, England
Amsterdam, The Netherlands
Distributes computer hardware and software systems and provides extensive maintenance support to business markets.

Micos Financial Services, Inc.
Credit collection services.

Dakota Computer Services
Involved in the maintenance of Data General Corporation based computer systems.
Gregg Data, Inc.

Campus America, Inc.
Supplies administrative software to colleges and universities nationwide.

Poise Company, Inc.
Roswell, New Mexico
Supplies administrative software to colleges and universities.

Transfer Agent(s):

American Transfer Company
44 Beaver Street
New York, New York 10022

Stock Exchange(s): Pacific

Ticker Symbol: MCS

Number of Employees:

1987	90	1984	46
1986	N.A.	1983	30
1985	50		

Plant Footage:

1987	25,947 sq. ft.	1985	10,000
1986	N.A.	1984	11,480

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income †
1987	$ 6,486,000	$ 11,541
1986	3,773,000	(1,509,176)
1985	5,117,000	540,788
1984	6,447,000	(456,215)
1983	6,179,000	594,033

	No. of Com. Shares +	Earn. per Share + †
1987	7,247,863	$ —
1986	5,744,139	—
1985	5,510,025	0.08
1984	4,386,926	—
1983	2,013,535	0.30

(Loss)
† Including extraordinary gains of $240,000 ($0.04 per share) in 1985, $225,575 in 1984 and $246,500 ($0.13 per share) in 1983.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ (962,676)	$ —
1986	(1,593,712)	—
1985	(1,055,620)	—
1984	(1,440,078)	—
1983	(2,409,416)	—

(Deficiency)

Income Account *

Year ended Oct. 31	1987	1986
Revenues	$ 6,485,588	$ 3,773,105
Cost of sales	2,868,496	2,432,754
Research & develop.	—	692,100
Cost of cos. sold	599,524	—
Expenses	2,991,483	1,647,528
Reversal of accts. pay.	(381,649)	—
Interest expense	388,180	272,217
Loss on write-off of software	—	280,116
Amortization of goodwill	115,083	58,349
Loss bef. taxes	$ (95,529)	$ (1,609,959)
Income taxes (credit)	10,930	(48,390)
Minority interest	(118,000)	(52,393)
Net Income (Loss)	$ 11,541	$ (1,509,176)

* Included in Costs and Expenses, Depreciation and Amortization: $215,976 in 1987 and $266,673 in 1986.

Assets

As of Oct. 31	1987	1986
Cash	$ 327,928	$ 177,036
Accts. & notes receiv., net	1,232,697	560,821
Loans receiv.	131,224	107,734
*Inventories	391,814	99,852
Prepaid expenses	26,589	17,498
Current Assets	$ 2,110,252	$ 962,941
Notes receiv.	58,360	—
Goodwill	1,804,788	1,132,011
#Fixed assets	625,035	581,996
Invest. in OPTIM	438,834	382,258
Other assets	43,949	57,919
Total Assets	$ 5,081,218	$ 3,117,125

Liabilities

Accounts payable	$ 688,009	$ 732,824
Notes payable	423,998	775,529
Accruals	243,812	249,980
Long-term debt, curr.	1,594,866	31,724
Def. serv. revenue	493,680	337,923
Curr. Liabilities	$ 3,444,365	$ 2,127,980
Long-term debt	2,599,529	2,582,857
+ Common stock	786,435	613,911
Add. paid-in capital	7,659,199	7,258,728
Retained earnings (deficit)	(8,971,662)	(8,983,203)
For. trans. adjust.	(168,148)	(222,148)
Notes receiv.	(261,000)	(261,000)
Unearned portion of stock issued	(7,500)	—
Total Liabilities & Shareholders' Equity	$ 5,081,218	$ 3,117,125

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Sales	0.18	—
Sales to Inventories	16.55	37.79
Shareholders' Equity (Deficiency)	$ (962,676)	$ (1,593,712)

Minnesota Mining and Manufacturing Company

3M Center
St. Paul, Minnesota 55144-1000
(612) 733-1110

Officers: Allen F. Jacobsen, chairman of the board & chief executive officer; L.D. DeSimone, exec. v.p.-Industrial Electronics Sector; Allan J. Huber, exec. v.p.-Commercial & Consumer Sector; M. J. Monteiro, exec. v.p.-international operations; Kenneth A. Schoen, exec. v.p.-Information & Imaging Technologies Sector; Jerry E. Robertson, exec. v.p.-Life Sciences Sector; Stanley W. Thiele, sr. v.p.-administrative services; Darrell H. Boyd, v.p.-Audio Visual and Commerical Graphics; William E. Coyne, v.p.-Health Care Group; Charlton Dietz, sr. v.p.-legal affairs & general counsel; Ralph D. Ebbott, v.p. & treasurer; Harry A. Hammerly, v.p.-Europe; Douglas R. Hanson, v.p.-Asia-Pacific-Canada; George L. Hegg, v.p.-strategic planning services; Lester C. Krogh, sr. v.p.-research & development; Joseph L. Kuhn, v.p.-Tape & Automative Group; Carl A. Kuhrmeyer, v.p.-administration; Sidney M. Leahy, v.p.-Chemicals, Film & Allied Products Group; Ronald A. Mitsch, v.p.-Traffic and Personal Safety Products Group; J. Marc Adam, v.p.-Consumer Products Group; Lawrence E. Eaton, v.p.-Memory Technologies Group; Gerard G. Mueller, v.p.-engineering; Gerald D. Pint, v.p.-Telecom Group; John T. Myser, v.p.-Abrasives, Cleaning Products & Industrial Minerals Group; Donn R. Osmon, v.p.-Commercial Markets Group; Roger W. Roberts, sr. v.p.-finance; Benjamin L. Shely, v.p.-Imaging Systems Group; Thomas P. Skoog, v.p.-Advertising Services Group; Christopher J. Wheeler, v.p.-human resources; Arlo D. Levi, v.p. & secretary; JoAnn J. Bohne, asst. secretary; Thomas J. Lyons, asst. secretary; Walter N. Kirn, asst. secretary; Roger P. Smith, asst. secretary; Dwight A. Peterson, asst. treasurer.

Directors: Charlton Dietz*, Lewis W. Lehr, Lee L. Morgan, Allen E. Murray, John G. Ordway, Jr., Norma T. Pace, Peter G. Peterson, J. Alexander McMahon, Allen F. Jacobson*, Edward A. Brennan, L. D. DeSimone*, Allan J. Huber*, M. J. Monteiro*, F. Alan Smith.

* Member of the Executive Committee

Areas of Work: The Company's operations are organized into four sectors: Industrial and Electronic; Information and Imaging Technologies; Life Sciences; and Commerical and Consumer.

Operating Units:

INDUSTRIAL AND ELECTRONIC

Principal products include pressure-sensitive tapes; coated abrasives; low-density abrasives; adhesives, coatings and sealants; fluorochemicals; specialty films and chemicals; roofing granules; fastening systems; floor pads; floor maintenance products; non-slip surfacing materials; advanced ceramic materials; energy control products; decorative marking films; tape dispensing/application equipment; electric/electronic connectors; wiring and cabling products; insulating and conductive materials; flame-retardant materials; shielding and protective products; test and measuring products; and fiber-optic products and systems.
Chemicals, Film and Allied Products Group
Electro-Telecommunications Group
Tape and Automotive Group
Abrasives, Cleaning Products and Industrial Minerals Group

INFORMATION AND IMAGING TECHNOLOGIES

Principal products include lithographic plates and films; color proofing systems; photographic films; x-ray films and screens; overhead projection systems; graphic film materials; digital image processing systems; micrographic products; audio, video and computer tapes; diskettes and data cartridges; dry silver films; and laser-based optical media.
Imaging Systems Group
Memory Technologies Group
Audio Visual and Commercial Graphics Group
Information Systems Group

LIFE SCIENCES

Principal products include disposable diaper closures; garment insulation and specialty fabrics; respiratory protection products; traffic control materials and systems; surveillance and monitoring devices; security films; filtration systems; optical components; pharmaceuticals; surgical drapes and masks; tapes and dressings; wound closures; vision care products; casting materials; powered surgical instruments; dental materials; orthodontic products; electrodes; heart-lung machines; oxygenators; intravenous infusion systems; drug-delivery components; infection control products; electronic pain control devices; animal care products; diagnostic products; health information systems; surgical prepping solutions; skin and internal staplers; and stethoscopes.
Traffic and Personal Safety Products Group
Medical Products Group
Pharmaceutical and Dental Products Group

COMMERCIAL AND CONSUMER

Principal products include household cleaning devices; chemical cleaners and protectors; window insulating systems; caulks; pressure-sensitive tapes; repositionable paper products; carbonless papers; coated abrasives; personal care products; outdoor advertising; print media advertising; shopping mall directories; computer software for publishers; and music/messaging systems.
Commercial Markets Group
Consumer Products Group
Advertising Services Group

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
(common stock)
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075

First Trust Company, Inc.
(notes & debentures)
P.O. Box 64008
St. Paul, Minnesota 55164

Morgan Guaranty Trust Company of New York
(notes & debentures)
30 West Broadway
New York, New York 10007

Manufacturers Hanover Trust Company
(notes and debentures)
40 Wall Street
New York, New York 10015

Stock Exchange(s): New York, Pacific, Midwest, Paris, Amsterdam, Switzerland, Germany, Tokyo.

Ticker Symbol: MMM

Number of Employees:

1988	82,818
1987	82,405
1986	81,847
1985	85,466
1984	86,707

Sales & Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1988	$ 10,581,000	$ 1,154,000
1987	9,429,000	918,000
1986	8,602,000	779,000
1985	7,846,000	664,000
1984	7,705,000	733,000

	No. of Com. Shares	Earn. per Share #
1988	224,332,865	$ 5.09
1987	227,492,769	4.02
1986	228,532,762	3.40
1985	229,144,574	2.89
1984	232,596,730	3.14

‡ Includes other operating revenues.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Industrial & electronic	$ 3,825,000	$ 3,448,000
Information & imaging technologies	2,978,000	2,648,000
Life sciences	2,285,000	2,001,000
Commercial & consumer	1,483,000	1,327,000
Eliminations	10,000	5,000
Total	$ 10,581,000	$ 9,429,000

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 2.12	—	—
1987	1.86	—	
1986	1.80	—	—
1985	1.75	—	—
1984	1.70	—	—

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share #
1988	$ 5,514,000	$ 24.58
1987	5,060,000	22.24
1986	4,463,000	19.53
1985	4,008,000	17.49
1984	3,814,000	16.40

# Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales & revenues	$ 10,581,000	$ 9,429,000
Cost of sales	6,105,000	5,513,000
Expenses	2,593,000	2,338,000
Interest expense	95,000	95,000
Other income	(94,000)	(82,000)
Income before taxes	$ 1,882,000	$ 1,565,000
Income taxes	728,000	647,000
Net Income	$ 1,154,000	$ 918,000

* Included in Costs and Expenses, Depreciation and Amortization: $675,000,000 in 1988 and $609,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 522,000	$ 432,000
Other securities	375,000	274,000
Accts. receiv., net	1,727,000	1,615,000
*Inventories	1,831,000	1,770,000
Other curr. assets	286,000	252,000
Current Assets	$ 4,741,000	$ 4,342,000
Investments	720,000	586,000
#Fixed assets	3,073,000	2,932,000
Other assets	388,000	365,000
Total Assets	$ 8,922,000	$ 8,226,000

Liabilities
(000's)

	1988	1987
Short-term debt	$ 347,000	$ 264,000
Accts. payable	572,000	586,000
Accrued payroll	295,000	284,000
Income taxes	299,000	277,000
Other curr. liab.	858,000	693,000
Curr. Liabilities	$ 2,371,000	$ 2,104,000

Long-term debt	406,000	435,000
Deferred inc. taxes	264,000	312,000
Other liabilities	367,000	315,000
+Common stock	296,000	296,000
Retained earnings	5,841,000	5,195,000
Treasury stock	(568,000)	(383,000)
Cum. translation adjust.	(55,000)	(48,000)
Total Liabilities & Shareholders' Equity	$ 8,922,000	$ 8,226,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	17.79	16.60
%Net Income to Sales	10.91	9.74
%Net Income to Equity	20.93	18.14
Debt to Equity	0.14	0.14
Working Capital	$ 2,370,000,000	$ 2,298,000,000
Current Ratio	2.00	2.19
Shareholders' Equity	$ 5,514,000,000	$ 5,060,000,000

Missouri Research Laboratories, Inc.

3800 West Clay Street
St. Charles, Missouri 63301
(314) 946-6900

Officers: Jerome E. Adams, chairman & president; Lawrence C. Grazevich, vice chairman; Noel E. Ewing, vice president; Wilbur D. Heiliger, vice president; John G. Frederick, treasurer; Alan G. Johnson, secretary.

Directors: Jerome E. Adams, chairman; Walter Funk, Jr., Robert J. Forthofer, William W. Halliday, John H. Pahlmann, Lawrence C. Grazevich, Alan G. Johnson, Charles E. Silva, Jr., Richard S. Glassman.

Areas of Work: The company manufactures products and supplies services in the following areas: electronics, metal fabrication, and utility products.

Divisions and Subsidiaries:

Electronics Group
Piggott, Arkansas
Manufactures high quality printed circuit boards and a wide variety of electronic assemblies.

Hesco
Centralia, Illinois
Manufactures and sells a line of mobile power equipment containing electrical generating capacity and other support equipment used by underground utility system construction and maintenance crews and also manufactures asphalt paving equipment.

Metal Fabrication Group
St. Charles, Mississippi
Performs general job shop fabrication services involving machining, welding, and sheetmetal forming operations.

Stewart Equipment Company
St. Charles, Missouri
Manufactures asphalt pavers.

Transfer Agent(s):

AmeriTrust Company
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MRES (NASDAQ)

Number of Employees:

1988 .... N.A. 1986 356
1987 222

Plant Footage:

1988 .... N.A. 1986 204,900
1987 .... 175,000 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income †
1989	$ 16,152,000	$ 65,000
1988	14,310,000	(318,000)
1987	15,652,000	127,000
1986	15,494,000	322,000
1985	13,312,000	23,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1989	2,282,000	$ 0.03
1988	2,142,000	—
1987	2,180,000	0.06
1986	2,189,000	0.15
1985	2,189,000	0.01

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $26,000 ($0.01 per share) in 1989.
‡ Based on the weighted average number of common shares outstanding.

Revenues by Line of Business

	1988	1987
Metal fabrication	$ 2,846,000	$ 3,119,000
Utility products	6,009,000	4,523,000
Electronics	7,297,000	6,668,000
Total	$ 16,152,000	$ 14,310,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	$ 0.07	—	—
1988	0.07	—	
1987	0.07	—	—
1986	0.05	—	—
1985	0.09	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1989	$ 4,142,000	$ 1.82
1988	4,280,000	2.00
1987	4,861,000	2.23
1986	4,910,000	2.24
1985	4,712,000	2.15

+ Based on the weighted average number of common shares outstanding.

Income Account
(000's)

Year ended Jan. 31	1988	1987
Net sales	$ 16,152	$ 14,310
Cost of sales	13,088	12,027
Expenses	2,635	2,307
Plant consol. costs	—	359
Gain on sale of oper.	(51)	(153)
Interest expense	390	292
Interest income	(43)	(106)
Other expense	68	24
Inc. (loss) before taxes	$ 65	$ (440)
Income taxes (credit)	26	(122)
Net Income (Loss)	$ 39	$ (318)
Extraord. gain	26	—
Net Income (Loss) & extraord. gain	$ 65	$ (318)

* Included in Costs and Expenses, Depreciation and Amortization: $707,000 in 1989 and $618,000 in 1988.

Assets
(000's)

As of Jan. 31	1989	1988
Cash	$ 38	$ 429
Marketable securities	170	1,037
Accts. receiv. net	2,803	1,474
*Inventories	4,847	2,334
Prepaid expenses	150	124
Refundable income taxes	9	91
Current Assets	$ 8,017	$ 5,489
#Fixed assets	2,705	2,736
Other assets & defer. charges	141	183
Total Assets	$ 10,863	$ 8,408

Liabilities
(000's)

Notes payable	$ 2,100	$ —
Long-term debt, curr.	425	396
Accts. payable	1,430	340
Accruals	98	177
Accrued payroll	257	367
Curr. Liabilities	$ 4,310	$ 1,280
Long-term debt	2,411	2,848
+Common stock	233	232
Add. paid-in capital	1,338	1,329
Retained earnings	3,047	3,145
Treasury stock issued to officers as collateral	(458)	—
Treasury stock	(18)	(426)
Total Liabilities & Shareholders' Equity	$ 10,863	$ 8,408

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income before Taxes to Sales	0.40	—
%Net Income to Sales	0.40	—
%Net Income to Equity	1.57	—
Sales to Inventories	3.33	6.13
Debt to Equity	1.19	0.76
Working Capital	$ 3,707,000	$ 4,209,000
Current Ratio	1.86	4.29
Shareholders' Equity	$ 4,142,000	$ 4,280,000

Mitsubishi Electric Corporation

Mitsubishi Denki Building
2-3, Marunouchi 2-chome
Chiyoda-ku, Tokyo 100, Japan
(03) 218-2111

Officers: Nihachiro Katayama, chairman; Moriya Shiki, president; Shinichi Yufu, exec v.p. & gen. mgr.-International Operations Group; Fukuichi Hirose, exec. v.p. & gen. mgr.-marketing; Yasuo Endo, exec. v.p. & gen. mgr.-Information and Communications Systems Group; Bujiro Kobayashi, sr. managing director & gen. mgr.-Electronic Devices Group; Kunikazu Sakata, sr. managing director & gen. mgr.-corp. strategic planning office; Hisao Oka, sr. managing director & gen. mgr.-research & development; Hideo Morii, sr. managing director; Hiroshi Morikawa, managing director & gen. mgr.-Electronic Products and Systems Group; Akimi Kamiya, managing director & gen. mgr.-Consumer Products Group; Takashi Kai, managing director & gen. mgr.-Energy and Industry Systems Group; Kokichi Sonda, managing director & gen. mgr.-Kansai Branch Office; Junsuke Amano, managing director; Tsuyoshi Harata, managing director; Yohei Mimura, director; Yoshimasa Yonezawa, deputy gen. mgr.-Information and Communication Systems Group; Raita Sakai, gen. mgr.-Personnel Affairs and Labor Relations Dept.; Setsuo Makino, deputy gen. mgr.-Consumer Products Group; Takeshi Abe, deputy gen. mgr.-Electronic Products and Systems Group; Sozaburo Ihara, deputy gen. mgr.-International

Operations Group; Tetsuo Tabuchi, deputy gen. mgr.-Energy and Industry Systems Group; Takashi Kitaoka, gen. mgr.-Kita-Itami Works; Keijiro Shoji, gen. mgr.-Communications Equipment Works; Hajimi Okamoto, gen. mgr.-Itami Works; Toshio Ito, gen. mgr.-Central Research Laboratory and Manufacturing Development Lab.; Tadao Amakasu, gen. mgr.-Power and Industrial Systems Center; Kenzo Shimoyama, gen. mgr.-Kyoto Works.

Areas of Work: Communication and Information Processing products include mobile telephone systems and equipment; information network systems and equipment; radar and guidance systems; computers; peripherals, including flexible- and hard-disk drives, printers, and CRT display monitors; terminals, including POS systems and facsimile transceivers; and Diamond Vision and Diamond Vision Mark II.

Electronic Devices include ICs, LSIs, and VLSIs; power semiconductor devices; optical semiconductor devices; transistors and diodes.

Consumer Products include color and projection TVs, VCRs, radios, tape recorders, stereo sets, amplifiers, turntables, speaker systems, and CD players; room and central air conditioners, clean heaters, fan heaters, ventilators, and electric fans; refrigerators, microwave ovens, rice cookers, tabletop grills, toasters, juicers, and blenders; washing machines, clothes dryers, water heaters, bedding air-dryers, electric irons, vacuum cleaners, and centralized vacuum-cleaning systems; electric shavers, hair dryers, and other personal-care electric aids, and dry-cell batteries; fluorescent and mercury-vapor lamps and luminaires.

Space Development products include satellite-communication systems and equipment; and satellite spacecraft and attitude-control systems; Energy products include generators -- steam-turbine, hydroturbine, diesel, motor, high-frequency, AC, and DC types; nuclear-power equipment; and substations -- transformers, rectifiers, circuit breakers, gas-insulated substations, switchgear, surge arresters, control centers, controllers, uninterruptible power supplies, blowers, modular- and mobile-type substations, and other static machines.

Building Equipment and Systems include elevators, escalators, moving walks, building automation systems, service modules for buildings, and air-conditioning, refrigeration and freezing equipment.

Transportation products include electric-propulsion equipment -- traction motors, main drive gears, traction-control gears, main transformers, rectifiers, main alternators, and VVVF inverters; electric locomotives; rail-system auxiliary electrical equipment; automatic train-control equipment; train air-conditioning equipment; and electrical automotive equipment.

Industrial Equipment includes motors -- small and medium-sized, standard AC and DC, specialized, geared, and submersible types; magnetic contactors and starters, programmable controllers, inverters, electromagnetic clutches and brakes; molded-case circuit breakers, air and vacuum circuit breakers, watthour meters, industrial time switches, electric meters, instrument transformers, and distribution transformers; welding equipment, electrical-discharge machines, laser processing machines, NC equipment, and industrial robots; specialized alloys, ferrite products, life preservers, rafts and boats, and spiral escape chutes; industrial blowers and fans, hoists, pumps, and industrial sewing machines; palm-recognition systems, Linacs, and water-quality monitoring systems; and digital-audio recorders.

Subsidiaries (Japan):

Ryoden Service Co., Ltd.
Ryoden Unyu Co., Ltd.
Mitsubishi Electric Service Engineering Co., Ltd.
Ryoden Estate Co., Ltd.
The Kodensha Co., Ltd.
SPC Electronics Corporation
Toyo Electric Co., Ltd.
Nakayama Kikai Co., Ltd.
Tada Electric Co., Ltd.
Shiga Bolt Co., Ltd.
Melcom Business-Machines Co., Ltd.
Ryowa Shoko Co., Ltd.
Ryoden Engineering Co., Ltd.
Ad. Melco Co., Ltd.
Mitsubishi Space Software Co., Ltd.
Ryoden Elevator Construction Co., Ltd.
Ryoreisha Co., Ltd.
Mitsubishi Electric Home Appliance Co., Ltd.

Subsidiaries (U.S.A.):

Mitsubishi Electric America, Inc.
645 Fifth Avenue, Suite 505
New York, New York 10022
(212) 223-2250

Mitsubishi Electric Sales America, Inc.
5757 Plaza Drive
P.O. Box 6007
Cypress, California 90630-6007
(714) 220-2500

Mitsubishi Electronics America, Inc.
991 Knox Street
Torrance, California 90502
(213) 515-3993

Mitsubishi Consumer Electronics America, Inc.
2001 E. Carnegie Avenue
Santa Ana, California 92705
(714) 261-3200

Mitsubishi Semiconductor America, Inc.
Three Diamond Lane
Durham, North Carolina 27704
(919) 479-3333

Horizon Research, Inc.
1432 Main Street
Waltham, Massachusetts 02154
(617) 466-8300

Joint Ventures (U.S.A.):

Diamond Vision, Inc.
430 Park Avenue, 17th Floor
New York, New York 10022
(212) 644-5760

Los Angeles Office
The Sheraton Grande Centre
345 South Figueroa Street, Suite 313
Los Angeles, California 90071
(213) 680-4705

Astronet Corporation
400 Rinehart Road
Lake Mary, Florida 32746
(305) 849-4903

WM Power Products Inc.
Five Foster Plaza
651 Holiday Drive
Pittsburgh, Pennsylvania 15220
(412) 928-2570

Powerex, Inc.
Hills Street
Youngwood, Pennsylvania 15697
(412) 925-4400

Stock Exchange(s): Tokyo, Osaka, Nagoya, Sapporo, Niigata, Kyoto, Horoshima, and Fukuoka, Japan; Amsterdam, Frankfurt.

Number of Employees:

1987	73,536	1984	65,904
1986	71,479	1983	64,432
1985	68,745		

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1987	¥ 2,107,505	¥ 10,598
1986	2,109,483	30,047
1985	2,034,823	47,035
1984	1,740,759	38,874
1983	1,557,560	35,021

	No. of Com. Shares	Earn. per Share ‡
1987	1,929,122,492	¥ 5.49
1986	1,798,727,341	13.67
1985	N.A.	26.56
1984	N.A.	24.25
1983	N.A.	22.18

N.A. -- Not Available.
¥ -- Yen.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 6.65	—	—
1986	7.58	—	
1985	6.40	—	—
1984	6.50	—	—
1983	6.00	—	--

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1987	¥ 506,502	¥ 262.56
1986	463,449	257.65
1985	386,123	218.04
1984	343,313	214.16
1983	305,313	193.37

Income Account *
(millions)

Year ended Mar. 31	1987	1986
Net sales	¥ 2,107,505	¥ 2,109,483
Other income	41,977	48,225
Total income	¥ 2,149,482	¥ 2,157,708
Cost of sales	1,625,497	1,611,843
Expenses:		
Res. & develop.	94,615	89,118
Sell., gen., & adm.	319,220	324,333
Interest expense	37,198	40,805
Other expense	34,777	19,148
Income before taxes	¥ 38,175	¥ 72,461
Income taxes	28,943	45,719
Minority interest	(1,366)	(3,305)
Net Income	¥ 10,598	¥ 30,047

* Included in Costs and Expenses, Depreciation: ¥ 100,468,000,000 in 1987 and ¥ 86,290,000,000 in 1986.

Assets
(millions)

As of Mar. 31	1987	1986
Cash	¥ 150,388	¥ 102,119
Marketable securities	117,642	109,215
Accts. receiv., net	456,495	459,647
Deferred inc. taxes	35,082	32,163
*Inventories	370,183	400,423
Short-term loans receiv.	101,005	28,913
Prepaid expenses	53,819	72,518
Current Assets	¥ 1,284,614	¥ 1,204,998
Long-term receiv.	36,367	51,644
Investments	150,834	136,619
#Fixed Assets	409,459	388,487
Other assets	19,241	16,925
Defer. charges	43,264	34,345
Total Assets	¥ 1,943,779	¥ 1,833,018

Liabilities
(millions)

Bank loans	¥ 329,797	¥ 270,093
Long-term debt, curr.	27,177	37,600
Accts. payable	466,335	472,227
Emp. sav. deposits	58,562	55,517
Accruals	147,365	144,694
Income taxes	17,042	10,678
Other current liabilities	87,037	73,384
Curr. Liabilities	¥ 1,133,315	¥ 1,064,193
Long-term debt	204,528	215,532
Accrued pension liab.	95,292	86,129
Minority interest	4,142	3,715
+Common stock	139,154	117,658
Add. paid-in capital	122,503	97,229
Legal reserve	20,681	19,137
Retained earnings	230,031	233,810
For. curr. trans.	(5,867)	(4,385)
Total Liabilities & Shareholders' Equity	¥ 1,943,779	¥ 1,833,018

* At lower of cost or estimated realizable value.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.81	3.44
%Net Income to Sales	0.50	1.42
%Net Income to Equity	2.09	6.48
Sales to Inventories	5.69	5.27
Debt to Equity	1.11	1.13
Working Capital	¥ 151,299,000*	¥ 140,805,000*
Current Ratio	1.13	1.13
Shareholders' Equity	¥ 506,502,000*	¥ 463,449,000*

* (000's)

Modern Controls, Inc.

6820 Shingle Creek Parkway
Minneapolis, Minnesota 55430
(612) 560-2900

Officers: William N. Mayer, chairman, president & chief executive officer; Robert L. Demorest, exec. v.p.-sales & marketing and secretary; Ronald A. Meyer, v.p.-finance & administration, treasurer & asst. secretary; Daniel W. Mayer, v.p.-product development; Patrick J. Buhl, v.p.-manufacturing.

Directors: William N. Mayer, chairman, Francis Faber, Dean B. Chenoweth, Ronald Esau, J. Leonard Frame, William Price, Howard L. Demorest, Wallace W. Lindemann.

Areas of Work: Manufactures and markets precision instruments used for quality control, production control, and testing purposes, primarily in the food, pharmaceutical, chemical, and packaging industries. Also manufactures and markets high-speed capsule sorting and weighing systems for the pharmaceutical industry.

Subsidiary:

Chemical Sensor Development, Inc.
Manufactures a process sensing device.

Transfer Agent(s):

National City Bank
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MOCO (NASDAQ)

Number of Employees:

1988	60	1986	48
1987	54	1985	57

Plant Footage:

1988	23,500 sq. ft.	1986	21,600
1987	23,500	1985	21,600

N.A. - Not Available.

Sales & Earnings

	Net Sales+	Net Income
1988	$ 8,551,455	$ 1,675,732
1987	7,129,718	1,304,057
1986	5,875,863	818,576
1985	6,402,247	1,000,603
1984*	5,056,802	674,418

	No. of Com. Shares	Earn. per Share‡
1988	2,107,291	$ 0.79
1987	2,099,386	0.61
1985	2,134,308	0.38
1985	2,108,332	0.45
1984*	2,177,884	0.36

* 11 months.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 7,587,490	$ 3.60
1987	6,320,614	3.01
1986	5,472,127	2.56
1985	4,856,982	2.30
1984	4,501,498	2.07

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 8,551,455	$ 7,129,718
Cost of sales	3,018,823	2,510,820
Expenses	2,793,027	2,462,056
Research & development costs	683,498	484,573
Interest income	(401,462)	(308,967)
Interest expense	4,300	9,103
Other expense (income)	24,537	(8,924)
Income before taxes	$ 2,428,732	$ 1,981,057
Income taxes	753,000	677,000
Net Income	$ 1,675,732	$ 1,304,057

* Included in Costs and Expenses, Depreciation and Amortization: $135,137 in 1987 and $150,753 in 1986.

Assets

As of Dec. 31	1988	1987
Cash & temp. cash invest.	$ 475,290	$ 781,853
Marketable securities	5,644,525	4,395,901
Accts. receiv., net	1,291,319	659,584
*Inventories	921,273	946,518
Prepaid expenses	94,492	90,767
Deferred income taxes	87,000	65,400
Current Assets	$ 8,513,899	$ 6,940,023
#Fixed assets	210,052	263,218
Other assets	212,953	197,039
Total Assets	$ 8,936,904	$ 7,400,280

Liabilities

Long-term debt, curr.	$ 32,051	$ 29,350
Accts. payable	521,105	299,167
Accrued compensation	247,081	240,046
Other accruals	189,727	348,394
Warranty costs	28,000	24,000
Income taxes	195,485	91,058
Dividends payable	105,565	—
Curr. Liabilities	$ 1,319,014	$ 1,032,015
Notes payable	—	32,051
Def. inc. taxes	30,400	15,600
+Common stock	210,729	209,939
Add. paid-in capital	2,781,837	2,770,255
Retained earnings	4,594,924	3,340,420
Total Liabilities & Shareholders' Equity	$ 8,936,904	$ 7,400,280

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	28.40	27.79
%Net Income to Sales	19.60	18.29
%Net Income to Equity	22.09	20.63
Sales to Inventories	9.28	7.53
Debt to Equity	—	0.01
Working Capital	$ 7,194,885	$ 5,908,008
Current Ratio	6.45	6.72
Shareholders' Equity	$ 7,587,490	$ 6,320,614

Molex Incorporated

2222 Wellington Court
Lisle, Illinois 60532
(312) 969-4550

Officers: John H. Krehbiel, chairman; John H. Krehbiel, Jr., president; Frederick A. Krehbiel, vice chairman & chief exec. officer; Kerry Krafthefer, v.p.-sales & marketing; Ronald L. Schubel, v.p.-operations; Ronald Canaday, v.p.-finance; John C. Psaltis, v.p. & treasurer; Louis A. Hecht, secretary & general counsel; J. Joseph King, v.p.; Werner W. Fichtner, v.p..

Directors: John H. Krehbiel, chairman; John H. Krehbiel, Jr., Frederick A. Krehbiel, Lewis E. Platt, Robert J. Potter, Robert H. Hayes, Edgar D. Jannotta.

Areas of Work: Engaged in the production and sale of connectors, conductor cable, terminals, interconnection systems, switches and associated application equipment for electrical and electronic products. Also involved in the extrusion of plastics, the laminating of multi-conductor cable, the further processing (notching, slitting, cutting) of such cable and fabricating these into cable connector assemblies.

Divisions and Subsidiaries:

Molex S.A. de C.V.
Molex Far East Management Ltd.
Molex Japan Co. Ltd.
Molex Singapore Pte. Ltd.
Molex Taiwan Ltd.
Taiwan Connections Ltd.
Molex Hong Kong Ltd.
Molex Electronics Ltd. (Canada)
Molex Electronica Ltda.
Molex European Management Ltd.
Molex Export Inc.
France Connexion S.A. (85% owned)
Molex Connection S.A. (85% owned)
Molex-ETC Division
Molex International Inc.
Molex Electronics Ltd. (U.K.)
Molex Italia S.p.A.
Molex G.m.b.H.
Molex Svenska A.B.
Molex (Benelux) B.V.
Commercial Division
Data Products Division
Automotive Division
Data/Comm. Division
Switch Division
Application Tooling Division

Manufacturing Tooling Division
Industrial Interface Division
Molex Ltd. Japan
Molex Illinois S.A.
Molex Parkfield Ltd.
Smithstown Light Eng. Ltd. (50% owned)
Technor (Pty.) Ltd. (30% owned)

Transfer Agent(s):

Harris Trust and Savings

Bank of Chicago

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MOLX (NASDAQ)

Number of Employees:

1988	5,900	1985	4,163
1987	4,962	1984	4,166
1986	4,403		

Plant Footage:

1988	1,921,000 sq. ft.	1986	1,357,000
1987	1,476,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 502,368,072	$ 59,276,278
1987	386,758,534	43,416,034
1986	291,912,549	32,039,408
1985	253,213,654	30,900,672
1984	252,222,277	38,240,907

	No. of Com. Shares ‡	Earn per Share ‡
1988	25,356,861	$ 2.34
1987	25,283,142	1.72
1986	25,186,391	1.27
1985	25,150,801	1.23
1984	24,992,109	1.53

‡ Based on the average number of common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 0.03	—	—
1987	0.03	25%	
1986	0.02	—	—
1985	0.02	—	—
1984	0.02	100%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity +	Equity Per Share ‡
1988	$ 389,688,103	$ 15.37
1987	315,755,092	12.49
1986	254,562,901	10.11
1985	186,099,932	7.40
1984	157,115,216	6.29

+ After allowing for preferred stock at par value
‡ Based on the average number of common shares outstanding adjusted to reflect stock dividends

Income Account *

Year ended June 30	1988	1987
Net sales	$ 502,368,072	$ 386,758,534
Cost of sales	262,306,053	211,916,901
Expenses	137,719,860	101,192,142
Other income	(3,791,317)	(2,104,435)
Income before taxes	$ 106,133,476	$ 75,753,926
Income taxes	46,473,000	32,001,000
Minority interest	384,198	336,892
Net Income	$ 59,276,278	$ 43,416,034

* Included in Costs and Expenses. Depreciation and Amortization: $41,771,114 in 1988 and $33,159,070 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 15,378,528	$ 14,163,345
Cert. of deposit	90,228,315	86,416,794
Accts. receiv. net	128,023,582	81,326,476
*Inventories	59,816,183	44,777,618
Prepaid expenses	4,847,990	2,393,859
Current Assets	$ 298,294,598	$ 229,078,092
#Fixed assets	183,461,341	155,271,585
Other assets	17,196,612	14,373,746
Total Assets	$ 498,952,551	$ 398,723,423

Liabilities

Note payable	$ 860,830	$ 484,128
Long-term debt. curr.	557,967	640,730
Accts. payable	40,378,794	30,739,614
Accruals	37,050,927	25,557,732
Dividends payable	204,907	205,312
Income taxes	17,058,020	7,902,331
Curr. Liabilities	$ 96,111,445	$ 65,529,847
Long-term debt	6,566,431	9,627,055
Deferred income	4,065,479	4,363,899
Deferred inc. taxes	1,463,297	2,108,181
Other deferred items	—	16,995
Minority interest	1,010,432	1,274,990
+Preferred stock	47,364	47,364
++Class B common stock	4,713	4,713
++Common stock	1,272,305	1,268,126
Add. paid-in captial	22,544,716	18,939,654
Retained earnings	319,474,149	261,012,190
Def. unearned comp.	(3,669,011)	(3,004,529)
Treasury stock	(4,768,860)	(3,361,580)
Cum. trans. adjust.	54,830,091	40,896,518
Total Liabilities & Shareholders' Equity	$ 498,952,551	$ 398,723,423

* At lower of cost (FIFO) or market
# Less accumulated depreciation and amortization
+ $100 par value., 6% non-cumulative.
++ $0.05 par value.

Statistical Summary

%Income bef. taxes to Sales	21.13	19.59
%Net Income to Sales	11.803	11.23
%Net Income to Equity	15.21	13.75
Sales to Inventories	8.40	8.64
Debt to Equity	0.02	0.03
Working Capital	$ 202,183,153	$ 163,548,245
Current Ratio	3.10	3.50
Shareholders' Equity	$ 389,735,467	$ 315,802,456

Monsanto Company

800 N. Lindbergh Boulevard
St. Louis, Missouri 63167
(314) 694-1000

Officers: Richard J. Mahoney, chairman & chief executive officer; Earle H. Harbison, Jr., president & chief operating officer; Nicolas L. Reding, exec. v.p.; Robert L. Berra, sr. v.p.; Howard A. Schneiderman, sr. v.p.; Harold J. Corbett, sr. v.p.; Francis A. Stroble, sr. v.p. & chief financial officer; Earl N. Brasfield, v.p.; Robert G. Potter, group v.p.; Richard W. Duesenberg, sr. v.p., secretary & general counsel; Leonard A. Cohn, v.p.; S. Allen Heininger, v.p.; Martin J. Kallen, v.p.; Richard A. Overton, v.p.; David L. Sliney, v.p.; Thomas H. Lafferre, v.p.; James H. Senger, v.p.; Lawrence B. Skatoff, v.p.-finance; B. Clare Harris, v.p. & controller; Juanita H. Hinshaw, v.p. & treasurer; A. Nicholas Filippello, v.p.; Philip Needleman, v.p.; Virginia V. Weldon, v.p..

Directors: Richard J. Mahoney*, chairman; John W. Hanley*, Donald C. Carroll, C. R. Dahl, Richard I. Fricke, Stansfield Turner, Howard M. Love, Buck Mickel, John B. Slaughter, Joan T. Bok, Earle H. Harbison*, Jr., John S. Reed, William D. Ruckelshaus, Marguerite R. Barnett*, Robert M. Heyssel, Richard W. Duesenberg.

* Member of the Executive Committee

Areas of Work: Engaged in the worldwide manufacture and sale of a widely diversified line of chemical and agricultural products, prescription pharamceuticals, low caloric sweeteners, industrial process control equipment, man-made fibers, plastics, and electronic materials. In the electronics field, the Company manufactures silicon materials, semiconductor materials, and process controls; and develops and produces power sources for the Atomic Energy Commission, space programs, the life sciences and oceanographic research.

Operating Units:

Monsanto Agricultural Company
Monsanto Chemical Company
Monsanto Electronic Materials Company
Fisher Controls International, Inc.
G.D. Searle & Co.
The NutraSweet Company

Electroncis & Related Subsidiaries:

Fisher Controls International, Inc.
Manufactures and markets process measurement and control equipment.

Monsanto Enviro-Chem Systems, Inc.
Develops and markets engineered chemical facilities and pollution abatement systems.

Monsanto Research Corporation
Conducts research for government agencies and for Monsanto; produces nuclear sources; operates a government-owned laboratory for the Atomic Energy Commission.

Monsanto do Brasil, S.A.
Manufactures rubber chemical, phosphates and process control equipment.

Monsanto Electronics
Sendirian Berhad, Malaysia
Processes silicon wafers from slicing through polishing.

Kemp Company of Maryland
Designs and manufactures gas processing equipment.

Transfer Agent(s):

The First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Amsterdam, Brussels, Frankfurt, Geneva, London, Paris, Zurich.

Ticker Symbol: MTC

Number of Employees:

1988	45,635	1985	56,103
1987	49,734	1984	50,754
1986	51,703		

Sales & Earnings

	Net Sales (000's)	Net Income ‡ (000's)
1988	$ 8,293,000	$ 591,000
1987	7,639,000	436,000
1986	6,879,000	433,000
1985	6,747,000	(98,000)
1984	6,691,000	439,000

	No. of Com. Shares †		Earn. per Share ‡ #
1988	68,832,180	$	8.27
1987	74,097,517		5.63
1986	77,659,089		5.55
1985	76,752,553		—
1984	78,281,026		5.42

(Loss)
‡ Including extraordinary gain of $30,000,000 ($0.40 per share) in 1985.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

		1988		1987
Agricultural prods.	$	1,546,000	$	1,305,000
Chemicals		3,989,000		3,858,000
Electronic materials		209,000		185,000
Fisher controls		840,000		749,000
NutraSweet		736,000		722,000
Pharmaceuticals		973,000		820,000
Total	$	8,293,000	$	7,639,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 2.95	—	—
1987	2.75	—	
1986	2.575	—	—
1985	2.45	—	—
1984	2.25	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

		Total Equity (000's)		Equity Per Share †
1988	$	3,800,000	$	55.21
1987		3,901,000		52.65
1986		3,781,000		48.69
1985		3,407,000		44.39
1984		3,634,000		46.42

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31		1988		1987
Net sales	$	8,293,000	$	7,639,000
Cost of sales		4,972,000		4,755,000
Expenses:				
Marketing		1,013,000		918,000
Administrative		474,000		424,000
Technological		648,000		615,000
Amort. of intangibles		231,000		225,000
Restructuring income		—		(32,000)
Oper. income	$	955,000	$	734,000
Interest expense		174,000		172,000
Interest income		(46,000)		(42,000)
Other income		(66,000)		(69,000)
Inc. bef. taxes	$	893,000	$	673,000
Income taxes		302,000		237,000
Net Income	$	591,000	$	436,000

* Included in Costs and Expenses, Depreciation and Amortization: $703,000,000 in 1988 and $679,000,000 in 1987.

Assets
(000's)

As of Dec. 31		1988		1987
Cash & cash equiv.	$	203,000	$	180,000
Marketable securities		18,000		43,000
Receiv., net		1,518,000		1,534,000
Def. inc. tax benefit		188,000		165,000
*Inventories		1,170,000		1,081,000
Current Assets	$	3,097,000	$	3,003,000
Investments in affil.		205,000		240,000
#Fixed assets		3,146,000		3,076,000
Intangibles		1,790,000		1,953,000
Other assets		223,000		183,000
Total Assets	$	8,461,000	$	8,455,000

Liabilities
(000's)

		1988		1987
Accounts payable	$	545,000	$	485,000
Wages & commissions		208,000		175,000
Income & other taxes		124,000		101,000
Misc. accruals		547,000		500,000
Short-term debt		556,000		539,000
Curr. Liabilities	$	1,980,000	$	1,800,000
Long-term debt		1,408,000		1,564,000
Other liabilities		685,000		606,000
Deferred inc. taxes		588,000		584,000
+Common stock		164,000		164,000
Add. paid-in capital		874,000		872,000
Accum. curr. adj.		52,000		100,000
Retained earnings		3,662,000		3,282,000
Treasury stock		(952,000)		(517,000)
Total Liabilities & Shareholders' Equity	$	8,461,000	$	8,455,000

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation and depletion, etc.
+ $2 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	11.52	8.81
%Net Income to Sales	7.13	5.71
%Net Income to Equity	15.55	11.18
Sales to Inventories	7.09	7.07
Debt to Equity	0.52	0.54
Working Capital	$ 1,117,000,000	$ 1,203,000,000
Current Ratio	1.56	1.67
Shareholders' Equity	$ 3,800,000,000	$ 3,901,000,000

Moog Inc.

East Aurora, New York 14052
(716) 652-2000

Officers: William C. Moog, president & chairman; Richard A. Aubrecht, chairman of the board; Robert T. Brady, president & chief executive officer; Robert R. Banta, exec. v.p. & chief financial officer; Jerald D. Bidlack, vice chairman, exec. v.p., & pres.-International Group; Joe C. Green, exec. v.p. & chief administrative officer; Kenneth J. McIlraith, vice chairman; Daniel C. Clark, v.p. & president-Industrial Controls Group; Kenneth D. Garnjost, v.p.-engineering; Robert H. Maskrey, v.p.; William J. Thayer, v.p.; Philip H. Hubbell, v.p.; William P. Burke, treasurer; Albert K. Hill, secretary.

Directors: Jerald D. Bidlack, Jane B. Moog, Kenneth J. McIlraith, Arthur S. Wolcott, Joe C. Green, Richard A. Aubrecht, Peter P. Poth, Steven B. Sample, Robert T. Brady, William B. Cutting, Director Emeritus.

Areas of Work: Manufactures advanced controls and control systems which utilize high performance servovalves for industrial and aerospace applications.

Divisions:

Industrial Controls Group
Manufactures electrohydraulic controls for the guidance systems of space boosters, missiles, and aircraft. For industrial markets, produces controls for machine tools, computer memory access systems, construction equipment, plastic molding equipment, and other process control systems.

International Controls Division
Identifies and develops markets outside North America for precision control components and systems.

Aerospace Group

Missile Systems Division
Supplier of servovalves for missiles.

Aircraft Controls Division
Manufactures various types of servoactivators, hydromechanical control systems and helicopter products.

Space Products Division
Produces components for propulsion systems to control flight path.

Engine Controls Division

Electronics & Systems Division
Product lines include plastic controls, secure radio controls, custom control systems, specialized electronics assemblies, and electronic motion control products.

Subsidiaries:

Moog GmbH
Boblingen, West Germany

Moog Japan Ltd. (90% owned)
Hiratsuka, Japan

Moog S.A.R.L.
Rungis, France

Moog Australia Pty. Ltd.
Melbourne, Australia

Moog Italiana S.r.L.
Italy

Moog Controls Limited
Tewkesbury, England

Moog do Brasil Controles Ltda.
Sao Paulo, Brazil

Moog Norden A.B.
Sweden

Moog Korea Ltd.
South Korea

Transfer Agent(s):

Mellon Securities Trust Company
120 Broadway
New York, New York 10004

Stock Exchange(s): American

Ticker Symbol: MOGA and MOGB

Number of Employees:

1988	3,560	1985	3,336
1987	3,784	1984	2,991
1986	3,645		

Plant Footage:

1988 .... 1,222,200 sq. ft.

Sales and Earnings

		Net Sales +		Net Income
1988	$	296,889,000	$	(13,883,000)
1987		307,069,000		11,831,000
1986		268,464,000		10,193,000
1985		216,920,000		9,810,000
1984		176,072,000		7,441,000

	No. of Com. Shares #	Earn per Share #
1988	8,364,000	$ —
1987	8,908,000	1.33
1986	8,842,000	1.15
1985	8,781,000	1.12
1984	8,701,000	0.86

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding.

Revenues By Line of Business

	1988	1987
Government	$ 196,143,000	$ 211,774,000
Commercial	100,746,000	95,295,000
Total	$ 296,889,000	$ 307,069,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.48	—	—
1987	0.48	—	
1986	0.48	—	—
1985	0.48	—	—
1984	0.48	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 79,400,000	$ 9.49
1987	111,276,000	12.49
1986	98,759,000	11.17
1985	85,897,000	9.78
1984	75,919,000	8.73

† Based on the average number of shares outstanding.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 296,889,000	$ 307,069,000
Other income	3,256,000	2,114,000
Gain on exch. of stock	3,162,000	—
Total income	$ 303,307,000	$ 309,183,000
Cost of sales	254,978,000	228,203,000
Expenses	52,415,000	50,976,000
Interest expense	15,192,000	12,526,000
Other charges	1,897,000	383,000
Loss from currency trans.	813,000	287,000
Income (loss) bef. taxes	$ (21,988,000)	$ 16,808,000
Income taxes (credit)	(5,562,000)	7,597,000
Inc.(loss) - cont. oper.	$ (16,426,000)	$ 9,211,000
Inc.(loss) - discont. oper.	(197,000)	2,620,000
Cum. effect of accntng. change	2,740,000	—
Net Income (Loss)	$ (13,883,000)	$ 11,831,000

* Included in Costs and Expenses, Depreciation and Amortization: $16,830,000 in 1988 and $14,515,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 7,434,000	$ 9,242,000
Receivables, net	114,842,000	110,606,000
*Inventories	65,250,000	75,885,000
Deferred inc. taxes	4,319,000	8,997,000
Prepaid expenses	1,185,000	756,000
Other curr. assets	400,000	—
Current Assets	$ 193,430,000	$ 205,486,000
#Fixed assets	108,511,000	115,307,000
Other assets	4,883,000	4,099,000
Total Assets	$ 306,824,000	$ 324,892,000

Liabilities

Note payable	$ 30,379,000	$ 14,498,000
Long-term debt, curr.	6,182,000	7,322,000
Accts. payable	21,555,000	24,895,000
Accrued payroll	12,951,000	21,707,000
Contract loss reserves	14,925,000	4,336,000
Other accruals	9,563,000	8,467,000
Income taxes	1,368,000	6,718,000
Customer advances	3,633,000	3,720,000
Current Liabilities	$ 100,556,000	$ 91,663,000
Long-term debt	90,479,000	75,628,000
Pension obligation	6,596,000	4,123,000
Minority interest	741,000	593,000
Deferred credits	569,000	249,000
Deferred inc. taxes	3,483,000	16,360,000
Convert. subord. debentures	25,000,000	25,000,000
+ Common stock	9,134,000	8,947,000
Add paid-in capital	47,989,000	45,722,000
Retained earnings	36,916,000	52,948,000
Foreign curr. trans.	4,160,000	3,705,000
Treasury stock	(16,685,000)	(46,000)
Loan to SSOP	(2,114,000)	—
Total Liabilities & Shareholders' Equity	$ 306,824,000	$ 324,892,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	—	10.63
Sales to Inventories	4.55	4.05
Debt to Equity	1.60	0.88
Working Capital	$ 92,874,000	$ 113,823,000
Current Ratio	1.92	2.24
Shareholders' Equity	$ 79,400,000	$ 111,276,000

Moore Products Co.

Sumneytown Pike
Spring House, Pennsylvania 19477
(215) 646-7400

Officers: Edwin G. Rorke, chairman of the board; William B. Moore, president & chief executive officer; Edward J. Curry, exec. v.p.; Robert B. Adams, v.p.-engineering; Richard J. Faber, v.p.-manufacturing; George W. Tall, v.p.-sales; Hugh S. Wilson, v.p.-int'l operations; William J. Young, v.p. finance; Charles H. Welles, III, secretary.

Directors: Robert W. Buhner, Thomas C. Moore, Edwin G. Rorke*, Charles H. Welles, III, Ralph H. Owens, William J. Young*, James O. Moore, William B. Moore*, Edward J. Curry*, George W. Tall*, Robert B. Adams*.

* Member of the Executive Committee

Areas of Work: Designs, manufactures and markets measurement and control equipment and systems for the process industries, and dimensional measurement and control equipment for the bearing, automotive, and other hard good manufacturers. Researches and manufactures fluidic devices.

Subsidiaries:

Moore Instruments Ltd./Ltee.
Brampton, Ontario, Canada

Moore Products Co. (U.K.) Limited
Yeovil
Somerset, England

Moore Products Co. B.V.
Breda, The Netherlands

Moore Products Co. (Italia) S.r.l.
Milan, Italy

Joint Venture(s):

Moore Products de Mexico S.A. de C.V.
Ciudad Juanez
Chihuahua, Mexico

Moore Controls Pvt. Limited
Poona, India

Transfer Agent(s):

Mellon Bank
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MORP (NASDAQ)

Number of Employees:

1988	1,191	1987	1,134

Plant Footage:

1988	374,000 sq. ft.	1985	374,000
1987	374,000	1984	374,000
1986	374,000		

N. A. -- Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 87,738,000	$ 4,290,000
1987	84,242,000	4,825,000
1986	79,769,000	4,710,000
1985	71,680,000	3,074,000
1984	62,309,000	3,028,000

	No. of Com. Shares	Earn. per Share ‡
1988	2,083,092	$ 2.06
1987	2,083,092	2.31
1986	2,083,092	2.27
1985	2,069,579	1.48
1984	2,069,579	1.46

‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.88	—	—
1987	0.88	—	
1986	0.88	—	—
1985	0.88	—	—
1984	0.88	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1988	$ 53,102,000	25.49
1987	50,460,000	24.22
1986	46,235,000	22.20
1985	42,816,000	20.69
1984	41,207,000	19.91

‡ After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 87,738	$ 84,242
Cost of sales	37,951	36,975
Expenses	44,102	39,377
Other income	(1,517)	(1,102)
Income before taxes	$ 7,202	$ 8,992

		1988		1987
Income taxes		2,912		4,167
Net Income	$	4,290	$	4,825

* Included in Costs and Expenses, Depreciation: $2,717,000 in 1988 and $2,614,000 in 1987.

Assets
(000's)

As of Dec. 31		1988		1987
Cash & short-term investments	$	15,795	$	16,950
Accts. receiv., net		12,295		12,915
*Inventories		16,939		15,434
Prepaid expenses		1,708		1,663
Current Assets	$	46,737	$	46,962
#Fixed assets		16,452		16,123
Total Assets	$	63,189	$	63,085

Liabilities
(000's)

		1988		1987
Accounts payable	$	2,665	$	3,402
Accruals		1,839		2,393
Adv. from cust.		1,848		2,370
Income taxes		—		78
Curr. Liabilities	$	6,352	$	8,243
Def. inc. taxes		1,646		1,606
Pension		312		930
Long-term debt		1,601		1,670
+Preferred stock		176		176
++Common stock		2,083		2,083
Add. paid-in capital		3,343		3,343
Retained earnings		47,772		45,324
For. curr. trans. adjust.		(96)		(290)
Total Liabilities & Shareholders' Equity	$	63,189	$	63,085

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ $1 par value, 5% cumulative convertible.
++ $1 par value.

Statistical Summary

		1988		1987
%Income bef. Taxes to Sales		8.21		10.67
%Net Income to Sales		4.89		5.73
%Net Income to Equity		8.05		9.53
Sales to Inventories		5.18		5.46
Debt to Equity		0.03		0.03
Working Capital	$	40,385,000	$	38,719,000
Current Ratio		7.36		5.70
Shareholders' Equity	$	53,278,000	$	50,636,000

Morton Thiokol, Inc.

110 North Wacker Drive
Chicago, Illinois 60606-1560
(312) 807-2000

Officers: Charles S. Locke, chairman & chief exec. officer; S. Jay Stewart, president & chief operating officer; U. Edwin Garrison, group v.p.-aerospace; William E. Johnston, Jr., group v.p.-salt; Robert B. Covalt, group v.p.-specialty chemicals; John R. Bowen, v.p.-finance & treasurer; Hugh C. Marx, v.p.-human resources; Thomas S. Russell, v.p.-corp. development & strategic planning; James R. Stanley, v.p.-legal affairs & general counsel; Thomas F. McDevitt, controller; P. Michael Phelps, secretary.

Directors: Charles S. Locke, chairman of the board; Ralph M. Barford, William T. Creson, Dennis C. Fill, Everett A. Gilmour, Robert C. Hyndman, Frank W. Luerssen, Robert T. Marsh, Barry J. Shillito, S. Jay Stewart, Roger W. Stone, A. Dean Swift, Harry H. Wetzel.

Areas of Work: The Company operates in three business segments: aerospace, specialty chemicals, and salt.

The aerospace segment consists of propulsion and ordnance products and services performed principally under contracts and subcontracts with various U.S. government agencies and aerospace prime contractors. Propulsion includes research, development, and production of solid propellant rocket motors systems for space vehicles, such as the Space Shuttle (booster motors); to position satellites in orbit; for strategic missiles, such as the Trident (submarine launched) and Peacekeeper; and for tactical missiles, such as the Maverick, Sidewinder and HARM.

This propulsion technology has also been applied in the manufacture of gas generators for use in automobile passive restraint systems. Ordnance includes the development and production of air-dropped flares, ground-launched flares, munitions simulators for training, and conventional artillery munitions. Services include launch and recovery operations for the Space Shuttle.

The specialty chemical segment manufactures high technology chemical products for a wide variety of customer applications. The largest product group consists of laminating adhesives and coatings designed primarily for use in the manufacture of food packaging materials from paper, film and foil. The second largest group consists of chemicals for the electronics market, including principally dry film photoresists and curable screen resists used as part of a process to imprint patterns onto printed circuit boards and semiconductors (silicon chips).

The salt segment produces and sells salt principally in the U.S. and Canada under the MORTON and WINDSOR trademarks, for human and animal consumption, water conditioning, and highway ice melting, as well as for industrial and chemical uses.

Aerospace Divisions and Subsidiaries:

Aerospace Group
2475 Washington Boulevard
Ogden, Utah 84401

Elkton Division
P.O. Box 241
Elkton, Maryland 21921

Huntsville Division
Huntsville, Alabama 35807-7501

Longhorn Division
P.O. Box 1149
Marshall, Texas 75671

Louisiana Division
P.O. Box 30058
Shreveport, Louisiana 71130

Omneco, Inc.
909 Industrial Park Drive
Carson City, Nevada 89701

Wasatch Operations
P.O. Box 524
Brigham City, Utah 84302

Transfer Agent(s):

The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest

Ticker Symbol: MTI

Number of Employees:

1988 20,400
1987 19,600
1986 17,900
1985 17,900
1984 17,300

Sales & Earnings

	Net Sales	Net Income
1988	$ 2,316,400,000	$ 145,300,000
1987	1,987,300,000	138,000,000
1986	1,949,900,000	132,900,000
1985	1,832,300,000	53,000,000
1984	1,735,000,000	46,200,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	47,853,000	$ 3.04
1987	47,644,000	2.90
1986	47,423,000	2.80
1985	49,186,000	4.01
1984	50,669,000	2.17

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Aerospace	$ 1,085,400,000	$ 901,200,000
Specialty chemicals	874,100,000	744,400,000
Salt	356,900,000	341,700,000
Total	$ 2,316,400,000	$ 1,987,300,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.825	—	—
1987	0.745	—	
1986	0.685	—	—
1985	0.627	—	—
1984	0.574	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 1,065,300,000	$ 22.38
1987	940,000,000	19.87
1986	821,900,000	17.43
1985	704,800,000	14.98
1984	636,300,000	12.51

Income Account *
(000's)

Year ended		1988		1987
Net sales	$	2,316,400	$	1,987,300
Other income		16,000		11,300
Total income	$	2,332,400	$	1,998,600
Cost of sales		1,780,100		1,490,400
Expenses		285,300		265,500
Interest expense		19,200		11,900
Income before taxes	$	247,800	$	230,800
Income taxes		88,400		92,800
Cum. effect of accntng. change		14,100		—
Net Income	$	145,300	$	138,000

* Included in Costs and Expenses, Depreciation and Amortization: $96,100,000 in 1988 and $81,200,000 in 1987.

Assets
(000's)

As of June 30		1988		1987
Cash & short-term invest.	$	23,300	$	40,300
Receivables		457,800		386,600
*Inventories		340,900		272,700
Prepaid expenses		21,800		29,000
Current Assets	$	843,800	$	728,600
#Fixed assets		760,300		655,900
Other assets		66,700		41,900
Intangibles		249,400		239,600
Total Assets	$	1,920,200	$	1,666,000

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 96,900	$ 96,000
Accts. payable	165,700	177,400
Accrued payroll	64,900	60,800
Other accruals	104,200	81,700
Income taxes	14,600	57,300
Curr. Liabilities	$ 446,300	$ 473,200
Long-term debt	171,500	30,700
Deferred inc. taxes	204,000	176,400
Other liabilities	33,100	45,700
Common stock	51,100	51,100
Add. paid-in capital	75,900	75,900
Retained earnings	1,008,500	902,100
For. curr. trans. adjust.	15,700	3,800
Treasury stock	(85,900)	(92,900)
Total Liabilities & Shareholders' Equity	$ 1,920,200	$ 1,666,000

* At lower of cost or market. Domestic inventories of LIFO; foreign at FIFO.
# Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	10.70	11.61
%Net Income to Sales	6.27	6.94
%Net Income to Equity	13.64	14.68
Sales to Inventories	6.79	7.29
Debt to Equity	0.25	0.13
Working Capital	$ 397,500,000	$ 255,400,000
Current Ratio	1.89	1.54
Shareholders' Equity	$ 1,065,300,000	$ 940,000,000

Motorola, Inc.

Motorola Center
1303 East Algonquin Road
Schaumburg, Illinois 60196
(312) 397-5000

Officers: Robert W. Galvin, chairman of the board; William J. Weisz, vice chairman; John F. Mitchell, vice chairman; George M. C. Fisher, president & chief executive officer; Arnold S. Brenner, exec. v.p. & gen. mgr.-Japanese Group; Gary L. Tooker, sr. exec. v.p. & chief operating officer; Levy Katzir, sr. v.p. & gen. mgr.-new enterprises; Donald R. Jones, exec. v.p. & chief financial officer; David W. Hickie, sr. v.p. & asst. chief financial officer; Christopher B. Galvin, sr. v.p. & chief corp. staff officer; Kenneth J. Johnson, corp. v.p. & controller; Richard H. Weise, sr. v.p., general counsel & secretary; H. Richard Klotz, corp. v.p. & dir.-taxes; Victor R. Kopidlansky, corp. v.p. & asst. gen. counsel; Keith J. Bane, sr. v.p. & dir.-strategy; William B. Dimitro, corp. v.p. & dir.-Career Direction Center; C. Travis Marshall, sr. v.p. & dir.-government relations; Vincent J. Rauner, sr. v.p.-patents, trademarks & licensing; James D. Burge, corp. v.p. & dir.-government affairs, personnel; James Donnelly, exec. v.p. & dir.-personnel; Joseph Miraglia, corp. v.p. & asst. dir.-personnel; Arthur P. Sundry, exec. v.p. & gen. mgr.-Communications Sector; James A. Norling, exec. v.p. & general manager-Semiconductor Products Sector; Carl E. Lindholm, exec. v.p.-International operations; Gerhard Schulmeyer, exec. v.p. & deputy to the chief exec. officer for Europe; David G. Wolfe, sr. v.p. & gen. mgr.-Government Electronics Group; Edward F. Staiano, exec. v.p. & gen. mgr.-General Systems Group; A. Peter Lawson, corp. v.p. & asst. general counsel; Garth Milne, corp. v.p. & treasurer; David K. Bartram, sr. v.p. & asst. gen. mgr., Communications Sector; Morton L. Topfer, sr. v.p. & asst. gen. mgr., Communications Sector; Theodore Saltzberg, sr. v.p. & dir.-technology, Communications Sector; Thomas D. George, sr. v.p. & asst. gen. mgr., Semiconductor Products Sector; Andre Borrel, sr. v.p. & gen. mgr.-International Semiconductor Group; Gordon C. Chilton, sr. v.p. & gen. mgr.-Discrete & Special Technologies Group; Murray A. Goldman, sr. v.p. & gen. mgr.-Microprocessor Products Group; Gary M. Johnson, sr. v.p. & gen. mgr.-Standard Logic and Analog Integrated Circuits Group; Geno Ori, sr. v.p. & dir.-customer relations, Semiconductor Products Sector; Charles E. Thompson, sr. v.p. & sector dir.-world marketing, Semiconductor Products Sector; Hector Ruiz, sr. v.p. & dir.-technology management, Semiconductor Products Sector; Gordon Comerford, sr. v.p. & group gen. mgr.-operations & staff, Communications Sector; Ronald E. Greenwell, sr. v.p. & gen. mgr.-Domestic Distribution Group, Communications Sector; Kenneth R. Hessler, sr. v.p. & gen. mgr.-Distribution Service Group, Communications Sector; Lawrence R. Paggeot, sr. v.p. & gen. mgr.-Cellular Subscriber Group; Bernard R. Smedley, sr. v.p. & gen. mgr.-Radio-Telephone Systems Group; John A. Lockitt, sr. v.p.-Information Systems Group & president-Codex Corporation; Frederick T. Tucker, sr. v.p. & gen. mgr.-Automotive and Industrial Electronics Group; Wilhelm Braxmaier, corp. v.p. & dir.-Eastern Europe.

Directors: Robert W. Galvin, William J. Weisz, John F. Mitchell, Arthur C. Nielson, Jr., Stephen L. Levy, B. Kenneth West, John T. Hickey, Wallace C. Doud, William G. Salatich, M. Joseph Lambert, Gardiner L. Tucker, Lawrence Howe, Anne P. Jones, Walter E. Massey, David R. Clare, George M. C. Fisher, Gary L. Tooker, Christopher B. Galvin, Donald R. Jones.

Areas of Work: Engaged in the design, manufacture and sale of a diversified line of electronic equipment and components, including two-way radios, pagers and other forms of electronic communication systems; semiconductors, including integrated circuits, discrete semiconductors, and microprocessor units; information systems products such as multifunction computer systems, low, medium and high speed modems, multiplexers and network processors and multifunction computer systems for distributed data processing and office automation applications; electronic equipment for military and aerospace use; electronic engine controls, digital appliance controls, automobile radios and other automotive and industrial electronic equipment.

Divisions:

Automotive and Industrial Electronics Group
1299 East Algonquin Road
Schaumburg, Illinois 60196
(312) 397-8000

Products include automotive engine control systems, recording and monitoring systems for trucks, very- and ultra-high resolution monochrome monitors for use in the phototypesetting industry, cellular telephone equipment, and controls for appliances.

Automotive Powertrain and Chassis Electronics Division
Automotive Body Electronics Business
Sensors and Power Controls Business

Communications Sector
1301 East Algonquin Road
Schaumburg, Illinois 60196
(312) 397-1000

Mobile and portable FM two-way radio communications systems, radio paging systems, communications control centers, radio operations; microwave communications equipment and systems; single sideband radio equipment; and cellular mobile telephone systems.

Communications Systems Group

Government Markets Systems Division
Commercial Market Systems Division
Selected Markets Systems Division

Distribution Service Group

Parts Division

Domestic Distribution Group

Commercial Markets Division
National Markets Division
State and Local Government Markets Division

International Group

International Markets Division

MDI Mobile Data International Inc.

Manufacturing Technologies Group

Component Products Division

Motorola Storno Communications Group

Radio Technologies Group

Fixed Products Division
Portable Products Division
Paging Products Division
Radius Division
U.S. Federal Government Division
Mobile Products Division

Semiconductor Products Sector
5005 East McDowell Road
Phoenix, Arizona 85008
(602) 244-6900

MOS and bipolar integrated circuits; power and small signal transistors; thyristors, varactors, zener and tuning diodes; optoelectronics, semiconductor chips, RF modules, microwave devices, triggers, suppressors; field effect transistors.

Discrete and Special Technologies Group

Power Products Division
RF and Optoelectronic Products Division
Small Signal and Sensor Products Division
Zener/Rectifier Products Division

Final Manufacturing and Equipment Engineering Group

International Semiconductor Group

Asia Pacific Semiconductor Products Division

European Semiconductor Group

Discrete and Analog Products Division (Toulouse)
Microsystems, ASIC and Digital Products Division (Munich)
MOS Memory and Microprocessor Division (East Kilbride)

Microprocessor Products Group

High End MPU Division
Microcontroller Division

Standard Logic and Analog Integrated Circuits Group

Bipolar Analog Integrated Circuits Division
Logic Integrated Circuits Division
MOS Digital-Analog Integrated Circuits Division
Application Specific Integrated Circuits Division
MOS Memory Products Division

Government Electronics Group
8201 East McDowell Road
Scottsdale, Arizona 85252
(602) 949-3033

Products include government electronics products, such as diversified military and space electronic equipment, including aerospace telecommunications systems, military communications equipment, radar systems, data links display systems, positioning and navigation systems, missile guidance equipment, electronic ordnance devices and drone electronic systems.

Communications Division
Tactical Electronics Division
Strategic Electronics Division

General Systems Group

Supplies cellular telephone systems and manufactures microcomputers and related communications software.

Computer Group

Computer Systems Division
Field Service Division
International Division
Microcomputer Division

Radio-Telephone Systems Group

Cellular Subscriber Group
Cellular Subscriber Division
North American Subscriber Division

Information Systems Group

Provides customers with products to handle complex data communication needs.

Codex Corporation
Canton, Massachusetts

Universal Data Systems, Inc.
5000 Bradford Drive
Huntsville, Alabama 35805
(205) 837-8100

Transfer Agent(s):

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60603

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: MOT

Number of Employees:

1988	102,000
1987	97,700
1986	94,400
1985	90,200
1984	99,900

Plant Footage:

1988 ..... 25,000,000 sq. ft.

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 8,250,000	$ 445,000
1987	6,727,000	308,000
1986	5,905,000	194,000
1985	5,456,000	72,000
1984	5,547,000	349,000

	No. of Com. Shares #	Earn. per Share #
1988	129,600,000	$ 3.43
1987	128,900,000	2.39
1986	126,500,000	1.53
1985	119,000,000	0.61
1984	118,491,000	3.27

+ Includes other revenue.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Communications products	$ 3,017,000	$ 2,459,000
Semiconductor products	2,741,000	2,193,000
General systems prods.	1,102,000	801,000
Information systems products	566,000	528,000
Gov't. electronic products	648,000	540,000
Other products	481,000	415,000
Eliminations	(305,000)	(209,000)
Total	$ 8,250,000	$ 6,727,000

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 0.67	—	—
1987	0.64	—	
1986	0.64	—	—
1985	0.64	—	—
1984	0.61	—	3-for-1

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 3,375,000	$ 26.04
1987	3,008,000	23.34
1986	2,754,000	21.77
1985	2,284,000	19.19
1984	2,278,000	19.23

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 8,250,000	$ 6,727,000
Cost of sales	5,040,000	4,071,000
Expenses	1,957,000	1,665,000
Depreciation	543,000	494,000
Interest expense	98,000	79,000
Income before taxes	$ 612,000	$ 418,000
Income taxes	167,000	110,000
Net Income	$ 445,000	$ 308,000

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term investments	$ 340,000	$ 259,000
Accts. receiv., net	1,400,000	1,124,000
Future tax benefits	278,000	201,000
*Inventories	1,144,000	909,000
Other assets	218,000	237,000
Current Assets	$ 3,380,000	$ 2,730,000
#Fixed assets	2,854,000	2,444,000
Sundry assets	476,000	343,000
Total Assets	$ 6,710,000	$ 5,517,000

Liabilities
(000's)

	1988	1987
Notes payable & long-term debt, curr.	$ 1,038,000	$ 573,000
Accts. payable	650,000	546,000
Accruals	928,000	663,000
Income taxes	75,000	81,000
Curr. Liabilities	$ 2,691,000	$ 1,863,000
Long-term debt	343,000	344,000
Deferred taxes	155,000	137,000
Other liabilities	146,000	165,000
+Common stock	389,000	388,000
Add. paid-in capital	851,000	843,000
Retained earnings	2,135,000	1,777,000
Total Liabilities & Shareholders' Equity	$ 6,710,000	$ 5,517,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $3 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	7.42	6.20
%Net Income to Sales	5.39	4.59
%Net Income to Equity	13.19	10.24
Sales to Inventories	7.21	7.68
Debt to Equity	0.41	0.24
Working Capital	$ 689,000,000	$ 867,000,000
Current Ratio	1.26	1.47
Shareholders' Equity	$ 3,375,000,000	$ 3,008,000,000

MSI Data Corporation

340 Fischer Avenue
Costa Mesa, California 92626
(714) 549-6000

Officers: William J. Bowers, chairman of the board; Charles S. Strauch, president & chief executive officer; Richard W. Hoag, sr. v.p.-marketing & sales; Paul J. Schneider, sr. v.p., secretary & chief financial officer; Herbert R. Espeland, sr. v.p.-operations; Lars H. Turndal, sr. v.p.-international; Harold H. Simeroth, sr. v.p.-engineering; George J. Harris, v.p.-customer support; Richard A. Kain, v.p.-manufacturing.

Directors: William J. Bowers, chairman; John C. Martin, John A. Karsten, Harvey Klein, Jerry E. Goldress, Charles S. Strauch, Archie J. McGill.

Areas of Work: Designs, manufactures, sells and services handheld source data entry systems, designed for use in the collection of business information.

Subsidiaries:

MSI Data International
26/28 Market Place
Wokingham, Berkshire BG11 1AP, England

MSI Data Limited
Data House
85-87, Basingstoke Road
Reading, Berkshire RG2 OEZ, England

MSI France S.A.R.L.
2/4 Avenue de la Cerisaie
Platanes 311
94266 Fresnes Cedex, France

MSI Data GmbH
Dreiherrnsteinplatz 14-19
6078 Neu-Isenburg/Gravenbruch
Frankfurt, Federal Republic of Germany

MSI Data Italia S.R.L.
Via Crisoforo Colombo, 49
20090 Trezzano S/L Naviglio
Milan, Italy

MSI Data GmbH
Ortsstrasse 18
A-2331 Voesendorf, Austria

MSI Switzerland
7 Chemin de la Bessonnette
CP 40, Chene-Bougerie
CH-1224 Geneva, Switzerland

Transfer Agent(s):

First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: MSI

Sales & Earnings

	Revenues	Net Income
1988	$ 90,215,000	$ 4,932,000
1987	70,733,000	1,339,000
1986	62,545,000	172,000
1985	56,159,000	(1,487,000)
1984	61,178,000	4,060,000

	No. of Com. Shares #	Earn. per Share #
1988	5,003,000	$ 0.99
1987	3,923,000	0.34
1986	3,835,000	0.05
1985	3,759,000	—
1984	3,742,000	1.09

(Loss)
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ —	—	3-for-2
1987	—	—	
1986	—	—	—
1985	0.20	—	—
1984	0.27	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 50,797,000	$ 6.02
1987	30,125,000	7.68
1986	27,300,000	7.12
1985	25,834,000	6.87
1984	28,782,000	7.69

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	3/26/88	3/28/87
Revenues:		
Net sales	$ 71,484,000	$ 52,984,000
Field serv. & maint. support	18,731,000	17,749,000
Total revenues	$ 90,215,000	$ 70,733,000
Cost of revenues	48,059,000	39,551,000
Expenses	34,174,000	28,271,000
Interest exp. (inc.)	(758,000)	62,000
Inc. bef. taxes	$ 8,740,000	$ 2,849,000
Income taxes	3,808,000	1,510,000
Net Income	$ 4,932,000	$ 1,339,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,131,000 in 1988 and $2,680,000 in 1987.

Assets

As of	3/26/88	3/28/87
Cash	$ 24,364,000	$ 6,426,000
Accts. receiv., net	18,975,000	18,720,000
* Inventories	14,002,000	10,927,000
Deferred inc. taxes	5,847,000	2,328,000
Prepaid expenses	563,000	445,000
Current Assets	$ 63,751,000	$ 38,846,000
# Fixed assets	9,073,000	8,648,000
Intangibles	662,000	1,556,000
Other assets	382,000	163,000
Total Assets	$ 73,868,000	$ 49,213,000

Liabilities

Accts. payable	$ 2,668,000	$ 3,389,000
Accrued payroll	4,468,000	3,449,000
Income taxes payable	2,375,000	2,060,000
Deferred revenues	3,081,000	2,968,000
Other accrued liab.	5,737,000	3,527,000
Curr. Liabilities	$ 18,329,000	$ 15,393,000
Long-term debt	2,018,000	2,347,000
Deferred revenues	1,303,000	1,123,000
Deferred inc. taxes	1,421,000	225,000
+ Common stock	5,225,000	3,805,000
Add. paid-in capital	19,699,000	6,142,000
Retained earnings	24,771,000	19,839,000
Foreign currency trans.	1,102,000	339,000
Total Liabilities & Shareholders' Equity	$ 73,868,000	$ 49,213,000

* At cost (FIFO) which is not in excess of market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income before Taxes to Revenues	9.69	4.03
%Net Income to Revenues	5.47	1.89
%Net Income to Equity	9.71	4.44
Debt to Equity	0.04	0.08
Working Capital	$ 45,422,000	$ 23,453,000
Current Ratio	3.48	2.52
Shareholders' Equity	$ 50,797,000	$ 30,125,000

MSI Electronics, Inc.

34-32 57th Street
Woodside, New York 11377
(718) 672-6500

Officers: Albert Lederman, president, chief exec. officer & chairman of the board; T. R. Bashkow, secretary.

Directors: T. R. Bashkow, Albert Lederman, E. L. Hurd.

Areas of Work: Manufacturers voltage variable capacitor diodes, semiconductor components of instruments and test instruments.

Subsidiaries:

Elyon Electronics, Ltd. (98% owned)
East Grinstead, Sussex, England

MSI Seminconductor Corp.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MSIE (NASDAQ)

Number of Employees:

1988	21	1985	26
1987	23	1984	26
1986	N.A.		

Plant Footage:

1988	8,400 sq. ft.	1985	6,200
1987	8,400	1984	6,200
1986	7,440		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 1,418,303	$ (214,612)
1987	1,509,273	(71,166)
1986	2,533,615	580,521
1985	2,513,423	376,227
1984	2,344,031	584,127

	No. of Com. Shares †	Earn per Share †
1988	1,314,390	$ —
1987	1,364,268	—
1986	1,365,214	0.43
1985	1,367,622	0.27
1984	1,408,448	0.41

† Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 3,384,199	$ 2.57
1987	3,719,660	2.73
1986	3,832,452	2.81
1985	3,258,181	2.38
1984	3,005,614	2.13

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 1,418,303	$ 1,509,273
Cost of sales	1,280,264	1,074,795
Expenses	722,398	795,436
Interest & dividend income	(216,740)	(210,175)
Loss before taxes	$ (367,619)	$ (150,783)
Tax credit	(153,007)	(79,117)
Net Loss	$ (214,612)	$ (71,666)

* Included in Costs and Expenses, Depreciation and Amortization: $114,242 in 1988 and $95,069 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 376,119	$ 395,823
Treasury notes	2,127,969	2,392,794
Accts. receiv. net	476,823	355,011
Marketable securites	189,112	217,744
Interest receiv.	—	36,659
*Inventories	327,171	266,243
Prepaid expenses	12,926	13,122
Current Assets	$ 3,510,120	$ 3,677,396
#Fixed assets	551,884	655,971
Other assets	2,300	2,300
Total Assets	$ 4,064,304	$ 4,335,667

Liabilities

Accts. payable	$ 680,105	$ 616,007
Curr. Liabilities	$ 680,105	$ 616,007
+Common stock	42,554	42,554
Add. paid-in capital	420,201	420,201
Retained earnings	3,215,829	3,430,441
Treasury stock	(294,385)	(173,536)
Total Liabilities & Shareholders' Equity	$ 4,064,304	$ 4,335,667

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.03 par value.

Statistical Summary

Sales to Inventories	4.34	5.67
Working Capital	$ 2,830,015	$ 3,061,389
Current Ratio	5.16	5.97
Shareholders' Equity	$ 3,384,199	$ 3,719,660

MTS Systems Corporation

14000 Technology Drive
Eden Prairie, Minnesota 55344
(612) 937-4000

Mailing Address:
P.O. Box 24012
Minneapolis, Minnesota 55424

Officers: George N. Butzow, chairman; Donald M. Sullivan, president & chief executive officer; Marshall L. Carpenter, v.p. & treasurer; George Doering, v.p.-Automation Systems Group; Richard W. Clarke, v.p.; Milan L. Sebek, J. Howell Owens, v.p.; Keith D. Zell, v.p.-prod. group; Milan L. Sebek, v.p.; Patrick Delaney, secretary.

Directors: Charles A. Brickman, George N. Butzow, Thomas E. Holloran, E. Thomas Binger, Thomas Stelson, Donald M. Sullivan, Marcelo Gumucio.

Areas of Work: Designs, manufactures and markets electronic instruments and software products; also hydraulic devices such as high-technology fluid power systems used in basic scientific research on materials, in the evaluation of new products, for production line quality control and for material forming manufacturing.

Division:

Temposonics Division
111 East Ames Court
Plainview, New York 11803
(516) 349-1950

Manufactures a proprietary line of position measuring instruments.

Subsidiaries:

MTS Systems GmbH
Potsdamer Str. 23/24
1000 Berlin 37, West Berlin

MTS (Japan) Ltd.
4-8-13 Kudan Minami
Chiyoda-Ku, Tokyo T102 Japan

MTS Systems France
MTS Systems (Hong Kong) Inc.
MTS Limited (UK)
MTS Testing Systems (Canada) Ltd.
MTS Systems SRL (Italy)
MTS International Ltd. (Barbados, West Indies)
MTS Systems Norden AB (Sweden)
MTS Sistemas do Brasil, Ltda
MTS Systems (China) Limited

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
Minneapolis, Minnesota 55440

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MTSC (NASDAQ)

Number of Employees:

1988	1,322	1985	1,161
1987	1,194	1984	973
1986	1,199		

Plant Footage:

1988	N.A.	1986	249,000
1987	223,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 128,917,000	$ 9,142,000
1987	112,305,000	1,259,000
1986	109,724,000	6,914,000
1985	95,278,000	5,025,000
1984	74,873,000	3,869,000

	No. of Com. Shares #	Earn. Per Share #
1988	4,485,000	$ 2.04
1987	4,487,000	0.28
1986	4,353,000	1.59
1985	4,198,000	1.19
1984	4,107,000	0.94

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to relfect stock splits.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 0.260	—	—
1987	0.226	—	
1986	0.173	—	—
1985	0.160	—	—
1984	0.142	—	3-for-2

# Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 59,109,000	$ 13.34
1987	51,331,000	11.65
1986	48,805,000	11.43
1985	40,314,000	9.80
1984	35,178,000	8.71

+ Adjusted to reflect stock splits.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 128,917,000	$ 112,305,000
Cost of sales	76,360,000	65,098,000
Expenses	38,238,000	35,627,000
Interest expense	1,201,000	1,341,000
Interest income	(294,000)	(1,017,000)
Other expense (income)	1,036,000	(260,000)
Income before taxes	$ 12,376,000	$ 11,516,000
Income taxes	3,234,000	4,416,000
Inc.-cont. oper	$ 9,142,000	$ 7,100,000
Loss-discont. oper	—	(5,841,000)
Net Income	$ 9,142,000	$ 1,259,000

*Included in Costs and Expenses, Depreciation and Amortization: $3,955,000 in 1988 and $3,958,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 2,832,000	$ 3,525,000
Interest bearing invest.	—	6,954,000
Accts. receiv., net	51,367,000	37,802,000
Income tax refund	—	630,000
* Inventories	26,505,000	22,050,000
Prepaid expenses	2,174,000	1,559,000
Current Assets	$ 82,878,000	$ 72,520,000
#Fixed assets	26,212,000	21,685,000
Other assets	3,663,000	4,226,000
Total Assets	$ 112,753,000	$ 98,431,000

Liabilities

Notes payable	$ 3,846,000	$ 140,000
Long-term debt, curr.	1,152,000	1,134,000
Accts. payable	6,774,000	4,213,000
Accruals	12,534,000	13,358,000
Advance billings	6,338,000	4,369,000
Income taxes	9,641,000	9,416,000
Curr. Liabilities	$ 40,285,000	$ 32,630,000
Long-term debt	10,685,000	11,849,000
Deferred inc. taxes	2,674,000	2,621,000
+ Common stock	1,108,000	1,102,000
Add. paid-in capital	5,823,000	6,384,000
Retained earnings	50,025,000	42,031,000
Cum. trans. adjust.	2,153,000	1,814,000
Total Liabilities & Shareholders' Equity	$ 112,753,000	$ 98,431,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.60	—
%Net Income to Equity	7.09	—
%Net Income to Equity	15.47	2.45
Sales to Inventories	4.86	5.09
Debt to Equity	0.27	0.26
Working Capital	$ 42,593,000	$ 39,890,000
Current Ratio	2.06	2.22
Shareholders' Equity	$ 59,109,000	$ 51,331,000

Napco Security Systems, Inc.

333 Bayview Avenue
Amityville, New York 11701
(516) 842-9400

Officers: Richard Soloway, chairman of the board & secretary; Kenneth Rosenberg, president & treasurer; Vincent Pomarico, v.p.-finance; Larry Badash, v.p.-sales; Raymond Gaudio, v.p.-engineering, software applications; Alfred DePierro, v.p.-engineering, microcomputer applications; Edward Leff, v.p.-marketing.

Directors: Richard Soloway, chairman; Kenneth Rosenberg, Randy B. Blaustein, Ben Z. Kedem.

Areas of Work: Manufactures electronic burglar and fire alarms and devices. Products include commercial and residential control panels, telephone dialers, sirens, passive infrared detection systems, and shock processors.

Subsidiaries:

E.E. Electronic Components, Inc.
Raltech Logic, Inc.
Napco Security Systems International, Inc. (DISC)
UMI Manufacturing Corp.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NSSC (NASDAQ)

Number of Employees:

1988	471	1985	296
1987	362	1984	238
1986	273		

Plant Footage:

1988	116,000 sq. ft.	1985	42,200
1987	42,200	1984	40,700
1986	42,200		

Sales & Earnings

	Net Sales	Net Income
1988	$ 35,238,553	$ 4,163,037
1987	27,588,254	3,375,121
1986	23,561,308	2,933,404
1985	18,823,272	2,407,109
1984	14,207,054	1,649,173

	No. of Com. Shares †	Earn per Share #
1988	4,361,442	$ 0.95
1987	4,351,947	0.77
1986	4,345,467	0.67
1985	4,335,681	0.00
1984	4,334,211	0.85

† Adjusted to reflect stock dividends.
# Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	50% & 50%	—
1984	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 18,179,042	$ 4.17
1987	14,000,454	3.22
1986	10,613,832	2.44
1985	7,662,341	1.77
1984	5,251,944	1.22

‡ Adjusted to reflect stock dividends.

Income Account

Year ended June 30	1988	1987
Net sales	$ 35,238,553	$ 27,588,254
Cost of sales	22,254,417	16,952,305
Expenses	5,952,822	4,592,541
Interest income	(76,025)	(106,961)
Interest expense	629,388	111,248
Other expense	79,914	—
Income before taxes	$ 6,398,037	$ 6,039,121
Income taxes	2,235,000	2,664,000
Net Income	$ 4,163,037	$ 3,375,121

* Included in Costs and Expenses, Depreciation and Amortization: $630,383 in 1988 and $302,249 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 557,493	$ 1,870,990
Munic. bonds held for invest.	298,351	1,000,000
Accts. receiv., net	5,669,504	4,535,038
* Inventories	11,520,270	5,570,427
Prepaid expenses	449,296	669,364
Def. inc. taxes	210,000	72,000
Current assets	$ 18,704,914	$ 13,717,819
# Fixed assets	9,090,708	5,344,587
Intangibles	3,661,311	—
Other assets	258,086	1,210,629
Total Assets	$ 31,715,019	$ 20,273,035

Liabilities

	1988	1987
Long-term debt, curr.	$ 6,225,000	$ 228,830
Accts. payable	2,729,740	1,090,742
Accrued payroll	434,067	443,588
Income taxes	38,345	88,645
Retention on construc.-in-prog. costs	—	328,566
Other accruals	363,825	212,210
Curr. Liabilities	$ 9,790,977	$ 2,392,581
Long-term debt	3,300,000	3,600,000
Deferred inc. taxes	445,000	280,000
+ Common stock	58,903	58,808
Add. paid-in capital	684,054	668,598
Retained earnings	17,437,218	13,274,181
Treasury stock	(1,133)	(1.133)
Total Liabilities & Shareholders' Equity	$ 31,715,019	$ 20,273,035

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ 0.01 par value.

Statistical Summary

	1988	1987
% Income bef. Taxes to Sales	18.16	21.89
% Net Income to Sales	11.81	12.23
% Net Income to Equity	22.90	24.11
Sales to Inventories	3.06	4.95
Debt to Equity	0.52	0.27
Working Capital	$ 8,913,937	$ 11,325,238
Current Ratio	1.91	5.73
Shareholders' Equity	$ 18,179,042	$ 14,000,454

National Computer Systems, Inc.

11000 Prairie Lakes Drive
Eden Prairie, Minnesota 55344
(612) 829-3000

Officers: Charles W. Oswald, chairman of the board & chief executive officer; David C. Malmberg, president & chief operating officer; John Carl, v.p. & chief financial officer; Richard L. Poss, v.p.-organization development; John W. Fenton, Jr., secretary & treasurer; Jeffrey W. Taylor, v.p. & corp. controller.

Directors: Charles W. Oswald*, chairman; David C. Malmberg*, David P. Campbell, Arthur E. Weisberg*, Robert F. Zicarelli*, David C. Cox, Stephen G. Shank, John W. Vessey, Harvey Golub.

* Member of the Executive Committee

Areas of Work: The Company's business is primarily comprised of two segments: the production and marketing of optical mark reading systems, input documents, materials and test scoring services, and the automation of asset management systems for financial institutions.

Transfer Agent(s):

Norwest Bank, Minneapolis, N.A.
Minneapolis, Minnesota 55479

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NLCS (NASDAQ)

Number of Employees:

1989	2,800	1986	1,859
1988	2,150	1985	1,589
1987	2,001		

Sales & Earnings

	Revenues +	Net Income
1989	$ 241,901,000	$ 15,401,000
1988	209,164,000	17,996,000
1987	197,628,000	15,750,000
1986	156,317,000	15,191,000
1985	123,567,000	9,682,000

	No. of Com. Shares #	Earn. per Share #
1989	16,998,000	$ 0.91
1988	18,555,000	0.97
1987	18,842,000	0.84
1986	17,105,000	0.89
1985	15,611,000	0.62

+ Includes rentals & maintenance; of continuing operations only.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1989	$ 0.25	—	—
1988	0.22	—	
1987	0.17	—	—
1986	0.13	—	3-for-2
1985	0.10	—	3-for-2

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1989	$ 104,393,000	$ 6.36
1988	103,799,000	6.07
1987	116,120,000	6.14
1986	76,249,000	4.45
1985	48,884,000	3.19

† Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Jan. 31	1989	1988
Net sales	$ 177,567	$ 163,597
Rental & maintenance	64,334	45,567
Total income	$ 241,901	$ 209,164
Cost of sales	113,306	96,606
Cost of maint. & support	41,135	32,593
Expenses	63,692	51,606
Other income	(183)	(17,136)
Income before taxes	$ 23,951	$ 45,495
Income taxes	8,550	19,000
Inc. - cont. oper.	$ 15,401	$ 26,495
Loss - discont. oper.	—	(8,499)
Net Income	$ 15,401	$ 17,996

* Included in Costs and Expenses, Depreciation and Amortization: $16,577,000 in 1988 and $13,211,000 in 1987.

Assets
(000's)

As of Jan 31	1989	1988
Cash	$ 2,119	$ 29,788
Receivables, net	66,892	48,884
*Inventories	38,338	26,216
Other curr. assets	1,431	1,958
Current Assets	$ 108,780	$ 106,846
#Fixed assets	49,117	40,295
Goodwill & other assets	47,500	55,388
Total Assets	$ 205,397	$ 202,529

Liabilities
(000's)

	1989	1988
Notes payable	$ 4,705	$ 1,358
Long-term debt, curr.	850	1,989
Accts. payable	14,765	12,360
Accruals	16,686	16,822
Deferred income	6,983	4,859
Income taxes	1,360	8,813
Curr. Liabilities	$ 45,349	$ 46,201
Long-term debt	2,291	1,196
Deferred inc. taxes	8,371	6,340
Convert. subord. deben.	44,993	44,993
+ Common stock	492	512
Add. paid-in capital	21,262	31,564
Retained earnings	82,639	71,723
Total Liabilities & Shareholders' Equity	$ 205,397	$ 202,529

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.03 par value.

Statistical Summary

	1989	1988
%Income bef. Taxes to Revenues	9.90	—
%Net Income to Revenues	6.37	—
%Net Income to Equity	14.75	17.34
Debt to Equity	0.08	0.04
Working Capital	$ 63,431,000	$ 60,645,000
Current Ratio	2.40	2.31
Shareholders' Equity	$ 104,393,000	$ 103,799,000

National Micronetics, Inc.

71 Smith Avenue
Kingston, New York 12401
(914) 338-0333

Officers: Charles J. Lawson, Jr., chairman of the board; Eric W. Markrud, president, chief executive officer & secretary; Robert C. Ristagno, vice president & controller; Joseph R. Sequenzia, vice president; Tugrul Yasar, vice president; Richard F. Carlton, vice president.

Directors: Charles J. Lawson, Jr., chairman of the board; George O. Pfaff, Edward R. Bedrosian, Charles C. Francisco, Eric W. Markrud.

Areas of Work: Designs, manufactures and markets magnetic recording heads primarily for computer disc drives using Winchester technology. The Company manufactures ferrite cores as well as final recording heads assemblies.

National Micronetics, Inc.

Transfer Agent(s):

Mellon Financial Services
Fort Lee, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NMIC (NASDAQ)

Number of Employees:

1988	700	1986	600
1987	580	1985	900

Plant Footage:

1988	145,000 sq. ft.	1986	189,700
1987	131,000	1985	189,700

Sales & Earnings

	Net Sales +	Net Income ‡
1988	$ 38,789,000	$ 930,000
1987	35,385,000	(1,585,000)
1986	36,332,000	(7,152,000)
1985	42,809,000	(44,637,000)
1984	58,026,000	4,398,000

	No. of Com. Shares #	Earn. per Share ‡ #
1988	9,541,000	$ 0.10
1987	9,287,000	—
1986	9,182,000	—
1985	8,635,000	—
1984	7,905,000	0.56

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gain of $306,000 ($0.04 per share) in 1988.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 10,055,000	$ 1.05
1987	8,855,000	0.95
1986	10,078,000	1.10
1985	16,683,000	1.93
1984	53,945,000	6.82

‡ Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended June 30	1988	1987
Net sales	$ 38,789	$ 35,385
Cost of sales	30,008	31,499
Research, develop. & engin.	2,328	1,842
Expenses	4,358	4,084
Interest expense	1,149	1,257
Interest income	(22)	(27)
Other expense (income)	69	(196)
Income (loss) bef. taxes	$ 899	$ (3,074)
Income taxes	306	—
Income (loss) - cont. oper.	$ 593	$ (3,074)
Inc. - discont. oper.	31	1,489
Net Income (Loss)	$ 624	$ (1,585)
Extraord. gain	306	—
Net Income (Loss) & extraord. gain	$ 930	$ (1,585)

* Included in Costs and Expenses, Depreciation and Amortization: $2,618,000 in 1988 and $2,787,000 in 1987.

Assets
(000's)

As of June 30	1988	1987
Cash	$ 2,500	$ 2,413
Accts. receiv., net	5,755	5,570
*Inventories	5,528	4,981
Other current assets	362	361
Current Assets	$ 14,145	$ 13,325
#Fixed assets	11,437	12,366
Other assets	667	740
Total Assets	$ 26,249	$ 26,431

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 1,958	$ 1,602
Short-term debt	3,250	3,250
Accts. payable	2,629	2,100
Accrued payroll	1,143	1,003
Other accruals	1,171	1,513
Curr. Liabilities	$ 10,151	$ 9,468
Long-term debt	6,043	7,987
Other liabilities	—	121
+Common stock	938	933
Add. paid-in capital	48,388	48,123
Retained earnings (deficit)	(39,271)	(40,201)
Total Liabilities & Shareholders' Equity	$ 26,249	$ 26,431

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	2.32	—
% Net Income to Sales	1.61	—
% Net Income to Equity	6.21	—
Sales to Inventories	7.02	7.10
Debt to Equity	1.12	1.45
Working Capital	$ 3,994,000	$ 3,857,000
Current Ratio	1.39	1.41
Shareholders' Equity	$ 10,055,000	$ 8,855,000

National Semiconductor Corporation

2900 Semiconductor Drive
P.O. Box 58090
Santa Clara, California 95052-8090
(408) 721-5000

Officers: Peter J. Sprague, chairman of the board; Charles E. Sporck, president & chief exec. officer; David N. Martin, exec. v.p.-Information Systems Group & president-National Advanced Systems; F. Joseph Van Poppelen, v.p.-semiconductor marketing; Clements E. Pausa, v.p.-international manufacturing; James M. Smaha, exec. v.p.-Semiconductor Group; Gary P. Arnold, v.p.-finance, chief financial officer & asst. secretary; Edgar R. Parker, v.p. & gen. mgr.-Microcomputer Systems Division; J. Philip Russell, v.p. & controller; John G. Webb, v.p., general counsel & secretary; H. Gene McCown, v.p. & treasurer; Michael E. Hawkins, v.p.-human relations.

Directors: Peter J. Sprague, chairman; Donald E. Weeden, Charles E. Sporck, Robert Beshar, Harry H. Wetzel, David N. Martin, James M. Smaha, Richard J. Danzig.

Areas of Work: Engaged in the manufacture of monolithic integrated circuits, transistors, semiconductor devices and hybrid integrated circuits which are used in amplifying, switching, gating, commutating elements in telemetry, data processing and multiplexing; also high reliability testing, calculators, electronic watches, watch and clock modules, and POS electronic check-out systems.

Divisions and Subsidiaries:

National Advanced Systems Corporation
800 East Middlefield Road
Mountain View, California 94042
(415) 962-6000

National Semiconductor
DATACHECKER/DTS
800 Central Expressway
P.O. Box 58112
Santa Clara, California 95052
(408) 982-3000

National Semiconductor (UK) Ltd.
The Maple
Kembrey Park
Swindon, Wiltshire SN2 6UT England

National Advanced Systems
John Busch House
277 London Road, Isleworth
Middlesex TW7 5AX England

National Semiconductor Pte., Ltd.
51 Goldhill Plaza
Newton Road
Singapore 1130

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Pacific

Ticker Symbol: NSM

Number of Employees:

1988	37,700	1985	37,100
1987	29,200	1984	41,700
1986	30,800		

Sales & Earnings

	Net Sales +	Net Income
1988	$ 2,469,700,000	$ 62,700,000
1987	1,867,900,000	(23,400,000)
1986	1,478,100,000	(93,400,000)
1985	1,787,500,000	43,200,000
1984	1,655,126,000	63,960,000

	No. of Com. Shares #	Earn. per Share #
1988	110,800,000	$ 0.48
1987	91,700,000	—
1986	89,800,000	—
1985	89,800,000	0.48
1984	85,325,000	0.75

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Semiconductor group	$ 1,417,900,000	$ 976,900,000
Information syst. group	1,051,800,000	891,000,000
Total	$ 2,469,700,000	$ 1,867,900,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 888,600,000 †	$ 8.02
1987	703,000,000 †	7.67
1986	527,700,000 †	5.88
1985	681,200,000	7.64
1984	619,000,000	7.12

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended May 31	1988	1987
Net sales	$ 2,469,700	$ 1,867,900
Cost of sales	1,732,900	1,319,100
Expenses	658,200	529,200
Restruc. of oper.	—	15,000
Interest expense	3,800	19,300
Inc. (loss) bef. taxes	$ 74,800	$ (14,700)
Income taxes	12,100	8,700
Net Income (Loss)	$ 62,700	$ (23,400)

* Included in Costs and Expenses, Depreciation and Amortization: $157,800,000 in 1986 and $143,300,000 in 1985.

Assets

As of May 31	1988	1987
Cash	$ 147,200	$ 189,100
Receiv., net	401,500	269,200
*Inventories	417,000	270,100
Other curr. assets	76,100	42,800
Current Assets	$ 1,041,800	$ 771,200
#Fixed assets	683,600	633,900
Goodwill	13,800	17,500
Other assets	37,800	23,100
Total Assets	$ 1,777,000	$ 1,445,700

Liabilities
(000's)

Short-term borrowings & long-term debt, curr.	$ 3,200	$ 77,400
Accts. payable	305,600	174,100
Accruals	216,400	177,900
Income taxes	53,900	53,800
Def. service revenue	41,800	31,700
Other curr. liabilities	48,900	12,800
Curr. Liabilities	$ 669,800	$ 527,700
Long-term debt	37,300	35,700
Other liabilities	46,600	38,900
Deferred inc. taxes	9,700	15,400
+Preferred stock	100	100
++Common stock	53,900	51,300
Add. paid-in capital	817,500	687,200
Retained earnings	142,100	89,400
Total Liabilities & Shareholders' Equity	$ 1,777,000	$ 1,445,700

* At lower of standard cost (which approximates actual cost) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value; $40.00 convertible exchangeable.
++ $0.50 par value.

Statistical Summary

%Income before Taxes to Sales	3.03	—
%Net Income to Sales	2.54	—
%Net Income to Equity	6.19	—
Sales to Inventories	5.92	6.92
Debt to Equity	0.04	0.14
Working Capital	$ 372,000,000	$ 243,500,000
Current Ratio	1.56	1.46
Shareholders' Equity	$ 1,013,600,000	$ 828,000,000

NBI, Inc.

P.O. Box 9001
3450 Mitchell Lane
Boulder, Colorado 80301
(303) 444-5710

Officers: Stephen G. Jerritts, president & chief executive officer; Jesse A. Simmons, v.p., treasurer & secretary; David Klein, exec. v.p. & asst. secretary; Richard LaBarbera, vice president; Ernest T. Pope, vice president; Michael L. Kaessner, vice president; James Patrick Martin, vice president.

Directors: Stephen G. Jerritts, Howard W. Selby, III, Richard Hodgson, Dianne C. Walker.

Areas of Work: Designs, manufactures and markets software-based office automation systems used in information and word processing and for communications within the office. Also, designs, manufactures and markets technical workstations and minicomputers based on the UNIX operating system.

Divisions and Subsidiaries:

NBI Office Systems Division

Integrated Solutions, Inc.
2240 Lundy Avenue
San Jose, California 95131
Designs, manufactures and markets high-performance computers for engineering, scientific and other technical professionals.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): New York, Pacific

Ticker Symbol: NBI

Number of Employees:

1988	1,272	1985	3,291
1987	N.A.	1984	2,052
1986	3,193		

N.A. - Not Available.

Plant Footage:

1988	451,000 sq. ft.	1986	560,653
1987	N.A.	1985	1,197,490

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income †
1988	$ 137,746,000	$ (49,819,000)
1987	170,173,000	(5,405,000)
1986	172,454,000	(3,868,000)
1985	192,822,000	13,215,000
1984	177,051,000	13,776,000

	No. of Com. Shares #	Earn. per Share †#
1988	8,581,000	$ —
1987	9,272,000	—
1986	9,679,000	—
1985	9,367,000	1.41
1984	9,869,000	1.40

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $509,000 in 1987 and $330,000 in 1986.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 33,833,000 ‡	$ 4.03
1987	86,903,000 ‡	9.72
1986	100,371,000 ‡	10.32
1985	101,442,000 ‡	10.65
1984	82,219,000	9.02

‡ After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended June 30	1988	1987
Net sales	$ 86,561	$ 118,447
Rental & serv.	51,185	51,726
Total income	$ 137,746	$ 170,173
Cost of sales	81,274	86,663
Expenses	81,451	77,947
Inc. from invest.	(2,305)	(2,446)
Interest expense	5,083	5,017
Inc. (loss) bef. taxes	$ (27,757)	$ 2,992
Income taxes (credit)	(11,408)	1,197
Inc. (loss)-cont. oper.	$ (16,349)	$ 1,795
Loss-discont. oper.	(33,470)	(7,709)
Net Loss	$ (49,819)	$ (5,914)
Extraord. gain	—	509
Net Loss & extraord. gain	$ (49,819)	$ (5,405)

* Included in Costs and Expenses, Depreciation and Amortization: $16,041,000 in 1988 and $15,801,000 in 1987.

Assets
(000's)

As of June 30	1988	1987
Cash & cash equiv.	$ 13,071	$ 27,028
Receivables	28,886	50,386
Marketable securities	87	6,346
*Inventories	19,915	41,680
Net assets-discont. oper.	5,942	—
Other curr. assets	4,638	2,940
Current Assets	$ 72,539	$ 128,380
Installment receiv.	5,869	5,288
# Rental equip.	1,598	2,437
‡ Field spare parts	6,454	6,979
# Fixed assets	29,856	50,701
Other assets	6,437	15,528
Net assets-discont. oper.	5,001	—
Total Assets	$ 127,754	$ 209,313

Liabilities
(000's)

Long-term debt, curr.	$ 10,538	$ 16,485
Accts. payable	11,098	16,284
Accruals	21,641	23,018
Deferred inc. taxes	(1,479)	542
Curr. Liabilities	$ 41,798	$ 56,329
Long-term debt	46,925	53,633
Deferred inc. taxes	—	8,174
Other liabilities	924	—
+ Preferred stock	43	43
++ Common stock	975	974
Add. paid-in capital	57,776	57,664
Retained earnings (deficit)	(9,830)	40,732
Curr. trans. adj.	(256)	(143)
Treasury stock	(10,601)	(8,093)
Total Liabilities & Shareholders' Equity	$ 127,754	$ 209,313

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
‡ Less acumulated amortization.
+ $1 par value; Series A, 9% cumulative convertible.
++ $0.10 par value.

Statistical Summary –

Sales to inventories	4.35	2.84
Debt to Equity	1.51	0.77
Working Capital	$ 30,741,000	$ 72,051,000
Current Ratio	1.74	2.28
Shareholders' Equity	$ 38,107,000	$ 91,177,000

NCR Corporation

1700 South Patterson Boulevard
Dayton, Ohio 45479
(513) 445-5000

Officers: Charles E. Exley, Jr., chairman of the board & chief exec. officer; Gilbert P. Williamson, president; William F. Buster, exec. v.p.; R. Elton White, exec. v.p.; John L. Giering, v.p.-finance & administration; Richard B. Reese, v.p.-customer services; David G. Laws, v.p. & president-Applied Digital Data Systems Inc.; Tom T. Tang, v.p.-research & development; Charles P. Russ, III, v.p., secretary & general counsel; Roger C. Lintern, controller; James E. McElwain, v.p.-personnel resources; S. Richard Reece, v.p. & treasurer; Giuseppe Bassani, v.p.-stakeholder relations; Gary W. Burnett, v.p.-Customer Services Division; Robert C. James, v.p.-product marketing & support; Warren A. Castray, v.p.-Pacific; D. L. Clark, v.p.-Financial & Office Systems D&P Division; C. N. Jorgensen, v.p.-manufacturing; Raymond L. Miolla, v.p.-Financial Systems Division; A. Daniel Pigott, v.p. & president-NCR Comten Inc.; Richard K. Kruse, v.p.-quality assurance; H. J. Lynch, v.p.-General Purpose Systems D&P Division; J. H. Van Tassel, v.p.-Microelectronics Division; Edward J. McHugh, v.p.-Systemedia Group; Frederick Newall, v.p.-Europe Group; Mohsen Y. Stephan, v.p.-Latin America/Middle-East/Africa Group; Allan M. Quick, v.p.-Retail Systems D&P Division; Alok Mohan, v.p.-product marketing & strategic planning.

Directors: William S. Anderson*, W. G. Bowen, C. E. Exley, Jr.*, C. H. Hardesty, Jr.*, H. Holiday, Jr.*, J. J. Horan, C. S. Morawetz, E. J. Schlegel, Harold A. Poling, R. Elton White, Gilbert P. Williamson, John F. Woodhouse.

* Member of the Executive Committee

Areas of Work: Develops, manufactures, markets, installs and services total business information processing systems for selected worldwide markets. These markets are primarily in the retail, financial, commercial, industrial, healthcare, education, and government sectors. Computers range from small business systems to powerful general-purpose processors, and are supported by a spectrum of terminals, peripherals, data communications networks and an extensive library of software products. Supplemental services and products include field engineering, data centers, systems services, educational centers, and a line of business forms and supplies. Also manufactures components, including semiconductor products and component subassemblies, which are marketed to other manufacturers.

Divisions and Subsidiaries:

Data Processing Group
Direct Marketing and Customer Support

NCR markets its products through 1,200 offices in more than 120 countries. It operates 87 facilities worldwide for the development and manufacture of products and systems. Operates 48 Data Centers worldwide. Products and systems are marketed through 831 districts in the United States and, internationally, through 72 company-owned organizations and 21 authorized distributors.

The Systemedia Group

Business Forms and Supplies Division
Business forms and supplies are manufactured in 9 U.S. plants and 48 overseas facilities, and are sold to both NCR and non-NCR equipment users.

The Micrographic Systems Division
Mountain View, California
Manufactures and markets a complete line of Computer Output Microfiche recorders, duplicators, and readers, and is a supplier of COM equipment.

Direct Marketing Division
Provides catalog sales of business forms and supplies for smaller users.

Source Document Services Division
Kettering, Ohio
Markets conventional microfiche and ultrafiche processing systems and related equipment for publishers, printers, and libraries.

NCR Comten, Inc.
St. Paul, Minnesota
Produces, markets, and services programmable communications processors, proprietary communications software, and computer performance measurement systems.

Independent Marketing Organization
Responsible for new markets not covered by the traditional direct sales organization. Markets NCR computers, terminals and subsystems to independent software houses, system integrators, distributors, dealers and manufacturers of information processing equipment.

Development and Production Group
Consists of 5 divisions: Retail Systems, General Purpose Systems, CI/MEG Systems, Financial Systems and Microelectronics. Comprises 24 operating units in 9 countries.

Applied Digital Data Systems, Inc.
Hauppauge, New York
Manufactures and markets a line of general-purpose computer video display terminals and small business computers.

Transfer Agent(s):

Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, London, Main Swiss Exchanges

Ticker Symbol: NCR

Number of Employees:

1988	60,000	1985	62,000
1987	62,000	1984	62,000
1986	62,000		

Plant Footage:

1988 ...... 6,600,000 sq. ft. 1987 7,100,000

Sales & Earnings

	Net Sales ‡ + (000's)	Net Income (000's)
1988	$ 5,989,909	$ 439,266
1987	5,640,667	419,330
1986	4,881,641	336,524
1985	4,317,166	315,216
1984	4,074,327	342,640

	No. of Com. Shares #	Earn. per Share †
1988	79,437,775	$ 5.33
1987	84,000,556	4.51
1986	93,984,451	3.42
1985	97,895,256	3.15
1984	99,636,968	3.30

‡ Includes income from sales, services and equipment rental.
+ Of continuing operations only.
# Adjusted to reflect stock split.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 1.24	—	—
1987	1.00	—	
1986	0.92	—	—
1985	0.88	—	—
1984	0.80	—	4-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1988	$ 2,240,175	$ 28.20
1987	2,161,519	25.73
1986	2,396,332	25.50
1985	2,318,350 ‡	23.68
1984	2,075,932 ‡	20.84

‡ After allowing for preferred stock at par value.
† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales & rentals	$ 3,892,631	$ 3,688,777
Services	2,097,278	1,951,890
Revenues	$ 5,989,909	$ 5,640,667
Cost of revenues	3,202,253	3,045,175
Expenses	2,037,527	1,875,389
Other income	(82,944)	(75,162)
Interest expense	45,907	29,515
Income before taxes	$ 787,166	$ 765,750
Income taxes	347,900	346,420
Net Income	$ 439,266	$ 419,330

* Included in Costs and Expenses, Depreciation: $297,053,000 in 1988 and $294,243,000 in 1988.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & investments	$ 823,296	$ 712,071
Receiv., net	1,174,395	1,172,873
*Inventories	743,885	762,835
Other current assets	264,957	227,609
Current Assets	$ 3,006,533	$ 2,875,388
Long-term receiv.	288,836	283,570
#Rental equip.	207,280	222,444
#Fixed assets	907,466	835,740
Goodwill	315,538	120,353
Other assets	191,664	203,341
Total Assets	$ 4,717,317	$ 4,540,836

Liabilities
(000's)

Short-term borrowings	$ 266,078	$ 399,713
Accts. payable	251,479	247,006
Accrued payroll	189,534	213,245
Accrued taxes	288,401	258,842
Deposits & def. serv. rev.	395,618	368,380
Other curr. liab.	384,930	371,497
Curr. Liabilities	$ 1,776,040	$ 1,858,683
Long-term debt	222,254	109,844
Int'l. emp. pension	135,138	131,159
Def. inc. taxes	137,533	104,129
Minority interest	206,177	175,502
+Common stock	544,125	544,12[illegible]
Retained earnings	3,136,958	2,78[illegible]
For. curr. transl.	36,755	1[illegible]44
Treasury stock	(1,477,663)	(1,182,693)
Total Liabilities & Shareholders' Equity	$ 4,717,317	$ 4,540,836

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Revenues	13.14	13.58
%Net Income to Revenues	7.33	7.43
%Net Income to Equity	19.61	19.40
Debt to Equity	0.22	0.24
Working Capital	$ 1,230,493,000	$ 1,016,705,000
Current Ratio	1.69	1.55
Shareholders' Equity	$ 2,240,175,000	$ 2,161,519,000

Network Systems Corporation

7600 Boone Avenue North
Minneapolis, Minnesota 55428
(612) 424-4888

Officers: James E. Thornton, chairman of the board; Lyle D. Altman, president & chief exec. officer; Gary S. Christensen, v.p.-advanced development; Mahlon I. Moore, v.p.-sales & marketing; Gerald R. Olson, v.p.-operations; Richard A. Fisher, v.p.-finance & treasurer; Malcolm Reid, v.p., general counsel & secretary; Harold W. Durrett, v.p.-information systems; James W. Checco, v.p.-LAN development; Donald Humphrey, v.p.-advanced design; David M. Brown, v.p.-field services; Walter W. Miller, v.p.-international operations; William R. Franta, v.p.-computer networking & consulting services; Ralph R. Fetter, v.p.-manufacturing; Jeffrey G. Jacobsen, v.p.-marketing administration; Warren L. Pillsbury, v.p.-marketing; Richard A. Heller, v.p.-U.S. sales; C. Donald Haeny, v.p.-marketing services.

Directors: James E. Thornton, chairman; Lyle D. Altman, Donald W. Feddersen, Eugene F. Barth, Daniel J. Haggerty, Thomas G. Herschbach, James G. Miles, William A. Holder.

Areas of Work: The company designs, manufactures, markets and services high-performance data communications systems that interconnect computer mainframes, minicomputers, personal computers, termanals, and workstations and permit them to operate at high speed.

Subsidiaries:

Network Systems Ltd.
Toronto, Ontario, Canada

Network Systems France
Neuilly sur Seine, France

Network Systems Norge A/S
Oslo, Norway

NSC Network Systems AB
Sollentuna Sweden

Network Systems (Schweiz) AG
Zurich, Switzerland

Network Systems Nederland b.v.
Weesp, The Netherlands

Network Systems Limited
Ascot, Berkshire, United Kingdom

Network Systems GmbH
Frankfurt, West Germany

Network Systems Belgium
Brussels, Belgium

Network Systems Danmark A/S
Herlev, Denmark

Network Systems Italia S.r.l.
Cologno Monzeso, Italy

Network Systems (Linz)
Linz, Austria

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
P.O. Box 738
Minneapolis, Minnesota 55075-0738

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NSCO (NASDAQ)

Number of Employees:

1988	1,054	1985	908
1987	1,006	1984	675
1986	911		

Plant Footage:

1988	100,000 sq. ft.	1985	100,000
1987	100,000	1984	92,000
1986	100,000		

Sales & Earnings

	Revenues	Net Income
1988	$ 131,470,000	$ 11,360,000
1987	120,506,000	17,452,000
1986	108,792,000	18,007,000
1985	90,084,000	17,054,000
1984	71,179,000	15,621,000

	No. of Com. Shares #	Earn. per Share #
1988	29,480,000	$ 0.39
1987	29,212,000	0.60
1986	29,042,000	0.62
1985	29,091,000	0.59
1984	27,894,000	0.56

# Based on the weighted average number of common shares and dilutive common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	5-for-4
1984	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 202,474,000	$ 6.93
1987	191,362,000	6.56
1986	170,530,000	5.87
1985	150,442,000	5.20
1984	103,646,000	3.80

# Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1988	1987
Revenues	$ 131,470	$ 120,506
Cost of sales & serv.	58,679	42,202
Expenses:		
Mkt., gen. & adm.	45,688	41,399
Res. & develop.	15,989	13,322
Interest expense	607	432
Interest income	(7,643)	(5,741)
Income bef. taxes	$ 18,150	$ 28,892
Income taxes	6,790	11,440
Net Income	$ 11,360	$ 17,452

* Included in Costs and Expenses, Depreciation and Amortization: $6,374,000 in 1988 and $4,679,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 27,833	$ 8,834
Market. securities	86,421	93,532
Accts. receiv., net	61,324	56,431
*Inventories	18,306	23,856
Prepaid expenses	2,365	2,054
Deferred inc. taxes	4,580	2,950
Current Assets	$ 200,829	$ 187,657
#Fixed assets	23,744	21,857
Other assets	15,639	9,954
Total Assets	$ 240,212	$ 219,468

Liabilities
(000's)

Accts. payable	$ 4,028	$ 4,506
Accruals	9,817	9,172
Income taxes	3,685	4,866
Long-term debt, curr.	27	24
Current Liabilities	$ 17,557	$ 18,568
Deferred revenue	10,000	—
Long-term debt	2,923	2,950
Deferred inc. taxes	4,650	4,980
Deferred comp.	2,608	1,608
+Common stock	584	583
Add. paid-in capital	101,771	101,281
Retained earnings	98,064	86,704
Foreign curr. translation adjust.	2,055	2,749
Total Liabilities & Shareholders' Equity	$ 240,212	$ 219,468

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.02 par value.

Statistical Summary

%Income bef. Taxes to Revenues	13.81	23.98
%Net Income to Revenues	8.64	14.48
%Net Income to Equity	8.61	9.12
Debt to Equity	0.01	0.02
Working Capital	$ 183,272,000	$ 169,089,000
Current Ratio	11.44	10.11
Shareholders' Equity	$ 202,474,000	$ 191,362,000

Networks Electronic Corp.

9750 DeSoto Avenue
Chatsworth, California 91311
(818) 341-0440

Officers: Mihai D. Patrichi, chairman of the board, president, treasurer & chief executive officer; Edwin J. Turner, exec. v.p.; Herman J. Landolt, v.p., secretary & gen. mgr.-U.S. Bearing Division.

Directors: Mihai D. Patrichi, chairman; Edwin J. Turner, Kenneth S. Yamamoto, Gerald M. McDonnel, Meldrim F. Burrill.

Areas of Work: Produces and markets spherical bearings used in the aircraft industry, and thermal relay switches, glass-to-metal seals and miniaturized electro-pyrotechnic devices used in the missile and space industry.

Divisions:

U.S. Bearing Division
Ordnance Division

Transfer Agent(s):

First Interstate Bank
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NWRK (NASDAQ)

Number of Employees:

1988	129	1985	129
1987	136	1984	117
1986	126		

Plant Footage:

1988	85,000 sq. ft.	1985	85,000
1987	85,000	1984	85,000
1986	85,000		

Networks Electronic Corp.

Sales & Earnings

	Net Sales	Net Income
1988	$ 7,484,019	$ 700,265
1987	7,530,000	600,729
1986	6,343,000	(334,738)
1985	6,153,000	1,527,802
1984	4,532,000	(878,313)

	No. of Com. Shares	Earn. per Shares #
1988	1,878,842	$ 0.37
1987	2,012,342	0.28
1986	2,275,472	—
1985	2,279,672	0.67
1984	3,331,372	—

(Loss)
# Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 3,771,816	$ 2.01
1987	3,571,926	1.78
1986	4,200,619	1.85
1985	4,555,480	2.00
1984	3,224,181	1.38

Income Account *

Year ended June 30	1988	1987
Net sales	$ 7,484,019	$ 7,529,803
Cost of sales	5,106,105	5,240,740
Expenses	1,018,985	1,052,427
Interest expense	205,382	129,635
Other income	(13,686)	(7,604)
Inc. bef. taxes	$ 1,167,233	$ 1,114,605
Income taxes	466,968	513,876
Net Income	$ 700,265	$ 600,729

* Included in Costs and Expenses, Depreciation and Amortization: $568,883 in 1988 and $512,789 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 372,542	$ 398,624
Accts. receiv., net	1,732,044	1,488,993
Receivables	—	21,804
*Inventories	2,692,451	2,259,766
Prepaid expenses	11,706	16,710
Deferred inc. taxes	74,257	117,543
Current Assets	$ 4,883,000	$ 4,303,440
Investments	43,596	43,596
#Fixed assets	2,315,800	2,441,915
Total Assets	$ 7,242,396	$ 6,788,951

Liabilities

	1988	1987
Notes payable	$ 1,500,000	$ 1,250,000
Long-term debt, curr.	29,266	28,415
Accts. payable	375,881	208,248
Accruals	444,934	394,233
Income taxes	245,123	287,000
Curr. Liabilities	$ 2,595,204	$ 2,167,896
Long-term debt	771,970	801,272
Deferred inc. taxes	103,406	247,857
+Common stock	469,710	503,085
Add. paid-in capital	743,253	1,210,253
Retained earnings	2,558,853	1,858,588
Total Liabilities & Shareholders' Equity	$ 7,242,396	$ 6,788,951

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 [illegible] value.

Statistical Summary

%Income bef. Taxes to Sales	15.60	14.80
%Net Income to Sales	9.36	7.98
%Net Income to Equity	18.57	16.82
Sales to Inventories	2.78	3.33
Debt to Equity	0.61	0.58
Working Capital	$ 2,287,796	$ 2,135,544
Current Ratio	1.88	1.99
Shareholders' Equity	$ 3,771,816	$ 3,571,926

New Brunswick Scientific Co., Inc.

P.O. Box 4005
44 Talmadge Road
Edison, New Jersey 08818-4005
(201) 287-1200

Officers: David Freedman, chairman & president; Stanley Yakatan, exec. v.p.; Sigmund Freedman, treasurer; Myron Tannenbaum, v.p.; Ezra Weisman, v.p.-corp. development; Adele Lavender, corp. secretary.

Directors: David Freedman, chairman; Sigmund Freedman, Kiyoshi Masuda, Martin Siegel, Ezra Weisman, Marvin Weinstein, Ernest Gross, Stanley Yakatan, Harriet Derman.

Areas of Work: Manufactures a range of research apparatus and instrumentation for the growth, measurement and control of biochemical processes in the life sciences. Also manufactures controlled environment incubation equipment in a variety of models; biological shakers; research fermenters; tissue culture apparatus, and bacterial detection equipment; metering pumps, and distributed centrifugation processing equipment.

Subsidiaries:

New Brunswick Scientific International, Inc.
New Brunswick Scientific (U.K.) Limited
NBS Tech (Ltd.)
NBS GmbH
NBS Benelux B.V.
NBS Sales Company Ltd.

Koch-Light Limited
England
Packages and distributes a wide variety of chemicals and reagents used in biological and biotechnbology laboratories.

Transfer Agent(s):

American Stock Transfer & Trust Company
99 Wall Street
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NBSC (NASDAQ)

Number of Employees:

1988 500

Plant Footage:

1988	243,000 sq. ft.	1985	243,000
1987	243,000	1984	243,000
1986	243,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 37,517,000	$ 136,000
1987	35,621,000	(2,106,000)
1986 x	31,515,000	972,000
1985	26,550,000	728,000
1984	23,524,000	1,600,000

	No. of Com. Shares	Earn. per Share #
1988	3,677,887	$ 0.04
1987	3,714,756	—
1986 x	3,720,728	0.26
1985	3,720,728	0.20
1984	3,701,728	0.43

x Restated for the effects of an understatement of costs and an overstatement of inventories of a subsidiary.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 30,631,000	$ 8.33
1987	30,795,000	8.29
1986 x	31,469,000	8.46
1985	30,426,000	8.18
1984	28,910,000	7.81

x Restated.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 37,517,000	$ 35,621,000
Cost of sales	21,701,000	19,924,000
Expenses	17,419,000	18,048,000
Gain on sale of subsid. assets	(3,928,000)	—
Interest income	(553,000)	(73,000)
Interest expense	497,000	484,000
Income (loss) before taxes	$ 2,381,000	$ (2,762,000)
Income taxes (credit)	2,245,000	(656,000)
Net Income (Loss)	$ 136,000	$ (2,106,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,416,000 in 1988 and $1,495,000 in 1987.
‡ Restated.

Assets

As of Dec. 31	1988	1987
Cash	$ 13,697,000	$ 1,186,000
Cert. of deposit	—	4,412,000
Accts. receiv., net	6,474,000	9,564,000
Deferred tax benefit	177,000	—
Refund. inc. taxes	—	290,000
*Inventories	15,313,000	16,622,000
Prepaid expenses	461,000	382,000
Current Assets	$ 36,122,000	$ 32,456,000
#Fixed assets	4,911,000	5,744,000
Intangibles		4,695,000
Other assets	168,000	1,203,000
Total Assets	$ 41,201,000	$ 44,098,000

Liabilities

	1988	1987
Notes payable	$ —	$ 4,725,000
Long-term debt, curr.	218,000	465,000
Accts. payable	6,228,000	5,159,000
Accrued inc. taxes	900,000	—
Income taxes	—	600,000
Curr. Liabilities	$ 7,346,000	$ 10,949,000
Long-term debt	3,224,000	2,354,000
+ Common stock	230,000	232,000
Add. paid-in capital	20,234,000	20,518,000
Retained earnings	8,971,000	8,835,000
Cum. trans. adj.	1,196,000	1,210,000
Total Liabilities & Shareholders' Equity	$ 41,201,000	$ 44,098,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $0.0625 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.35	—
%Net Income to Sales	0.36	—
%Net Income to Equity	0.44	—
Sales to Inventories	2.45	2.14
Debt to Equity	0.11	0.24
Working Capital	$ 28,776,000	$ 21,507,000
Current Ratio	4.92	2.96
Shareholders' Equity	$ 30,795,000	$ 30,795,000

Newport Corporation

18235 Mt. Baldy Circle
P.O. Box 8020
Fountain Valley, California 92708
(714) 963-9811

Officers: Erwin Tomash, chairman; Thomas A. Galantowicz, president; Aaron Gara, v.p.-business development; Dean T. Hodges, sr. v.p.-sales & marketing; Tony Hsu, v.p.-marketing; Dennis C. Terry, v.p.-quality assurance; Robert C. Hewitt, v.p.-finance, secretary & treasurer; John C. AuYeung, v.p.-development & engineering.

Directors: Edward C. Berry, William J. Biehl, Frank G. Chambers, Milton Chang, Vincent N. Marafino, C. Kumar N. Patel, Erwin Tomash, Thomas A. Galantowicz, Dan L. McGurk.

Areas of Work: The Company designs, manufactures and markets a broad line of vibration isolation table systems, related mechanical and electro-optical components, optical instruments and holographic equipment for laser research, experimentation and other sophisticated applications.

Subsidiaries:

Newport GmbH
Bleichstrasse 26
D-6100 Darmstadt, West Germany

Newport Ltd.
Pembroke House
Thompson Close
Harpenden, Herts AL5 4ES, England

Transfer Agent(s):

First Interstate Bank
Corporate Trust Dept.
21021 Ventura Boulevard, 3rd Floor
Woodland Hills, California 91364

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NEWP (NASDAQ)

Number of Employees:

1988	391	1985	298
1987	341	1984	222
1986	306		

Sales & Earnings

	Net Sales	Net Income
1988	$ 53,449,000	$ 7,250,000
1987	44,559,000	4,794,000
1986	40,774,000	6,269,000
1985	37,542,000	7,946,000
1984	27,970,000	6,814,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	8,659,000	$ 0.84
1987	9,427,000	0.51
1986	9,420,000	0.67
1985	9,425,000	0.84
1984	9,386,000	0.73

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.06	—	—
1987	0.06	—	
1986	0.06	—	—
1985	0.06	—	—
1984	0.053	50%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 64,503,000	$ 7.76
1987	69,125,000	7.33
1986	64,254,096	6.84
1985	58,265,900	6.21
1984	50,530,533	5.40

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended July 31	1988	1987
Net sales	$ 53,449,000	$ 44,559,000
Cost of sales	27,102,000	23,203,000
Expenses:		
Sell., gen., & adm.	13,923,000	10,906,000
Res. & develop.	3,715,000	3,749,000
Other income	(2,696,000)	(2,599,000)
Income before taxes	$ 11,405,000	$ 9,300,000
Income taxes	4,155,000	4,506,000
Net Income	$ 7,250,000	$ 4,794,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,452,000 in 1988 and $1,954,000 in 1987.

Assets

As of July 31	1988	1987
Cash	$ 10,097,000	$ 22,479,000
Marketable securities	13,054,000	6,004,000
Accts. receiv., net	15,513,000	13,229,000
* Inventories	16,328,000	12,925,000
Prepaid expenses	2,860,000	3,289,000
Current Assets	$ 57,852,000	$ 57,926,000
Investments	9,245,000	11,817,000
# Fixed assets	8,235,000	7,871,000
Other assets	197,000	378,000
Total Assets	$ 75,529,000	$ 77,992,000

Liabilities

Accts. payable	$ 1,582,000	$ 615,000
Accrued payroll	2,277,000	842,000
Other accruals	4,435,000	4,837,000
Income taxes	2,732,000	2,573,000
Curr. Liabilities	$ 11,026,000	$ 8,867,000
+ Common stock	2,910,000	3,302,000
Add. paid-in capital	17,549,000	28,006,000
Retained earnings	44,151,000	37,408,000
Unreal. trans. adjust.	(107,000)	409,000
Total Liabilities & Shareholders' Equity	$ 75,529,000	$ 77,992,000

* At lower of cost (FIFO) or realizable value.
# Less accumulated depreciation.
+ No par value; $0.35 stated value.

Statistical Summary

%Income bef. Taxes to Sales	21.34	20.87
%Net Income to Sales	13.56	10.76
%Net Income to Equity	11.24	6.94
Sales to Inventories	3.27	3.45
Working Capital	$ 46,826,000	$ 49,059,000
Current Ratio	5.25	6.53
Shareholders' Equity	$ 64,503,000	$ 69,125,000

Newport Electronics, Inc.

2229 South Yale Street
Santa Ana, California 92704-4426
(714) 540-4914

Officers: Barret B. Weekes, chairman, president & chief executive officer; Harold H. Weiss, v.p.-marketing; Nicholas Testa, v.p.-operations; Francis G. Shinsato, v.p.-finance & chief financial officer; James R. Lees, v.p.-Europe; Karl Hinrichs, v.p.-engineering; John Virtue, secretary.

Directors: Robert H. Davis, Norman E. Gray, John Virtue, Barret B. Weekes, George Pratt.

Areas of Work: Engaged in the design, manufacture and marketing of precision digital electronic measurement and control instruments, including digital panel voltmeters and digital temperature meters. Also manufactures complementary products such as two-wire transmitters, counters, other panel meters, printers, comparators, remote digital displays and a digital bus controller.

Subsidiaries:

Newport Electronics International, Inc. (FSC)
Santa Ana, California

Newport Electronics GmbH
7269 Deckenpfronn
Gaustrasse 28-30, Republic of Germany

Newport Electronique S.A.R.L.
9, rue Denis Papin
78190 Trappes, France

Newport Electronics B.V.
Postbus 8034
1180 LA Amstelveen
The Netherlands

Newport Electronics Ltd.
Cavendish Road
Stevenage, Hertfordshire SG1 2ET, United Kingdom

Transfer Agent(s):

U.S. Stock Transfer Corporation
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NEWE (NASDAQ)

Number of Employees:

1988	239	1985	185
1987	218	1984	185
1986	207		

Plant Footage:

1988	66,000 sq. ft.	1985	35,000
1987	40,000	1984	35,000
1986	40,000		

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 17,040,000	$ 471,000
1987	14,958,000	661,000
1986	13,259,000	537,000
1985	11,062,000	265,000
1984	11,063,000	705,000

	No. of Com. Shares	Earn. per Shares †x
1988	1,110,468	$ 0.41
1987	1,079,019	0.54
1986	1,173,333	0.44
1985	1,188,073	0.22
1984	1,195,476	0.58

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $26,000 ($0.02 per share) in 1986, $88,000 ($0.07 per share) in 1985 and $145,000 ($0.12 per share) in 1984.
x Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 6,346,000	$ 5.71
1987	5,783,000	5.36
1986	5,425,000	4.62
1985	4,951,000	4.13
1984	4,712,000	3.94

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 17,040,000	$ 14,958,000
Cost of sales	8,475,000	7,326,000
Prod. develop.	1,196,000	969,000
Expenses	6,506,000	5,461,000
Income before taxes	$ 863,000	$ 1,202,000
Income taxes	392,000	541,000
Net Income	$ 471,000	$ 661,000

* Included in Costs and Expenses, Depreciation and Amortization: $514,000 in 1988 and $445,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 379,000	$ 360,000
Accts. & notes receiv., net	3,586,000	3,193,000
*Inventories	3,156,000	2,758,000
Prepaid expenses	371,000	363,000
Current Assets	$ 7,492,000	$ 6,674,000
Restricted cash	6,131,000	—
#Fixed assets	2,434,000	2,292,000
Other assets	1,078,000	84,000
Total Assets	$ 17,135,000	$ 9,050,000

Liabilities

Notes payable	$ 1,800,000	$ 975,000
Long-term debt, curr.	202,000	156,000
Accts. payable	1,174,000	703,000
Accruals	902,000	714,000
Income taxes	82,000	380,000
Deferred inc. taxes	13,000	21,000
Current Liabilities	$ 4,173,000	$ 2,949,000
Deferred income taxes	115,000	104,000
Representative indemnity	77,000	80,000
Long-term debt	6,424,000	134,000
+Common stock	11,000	11,000
Add. paid-in capital	1,387,000	1,295,000
Retained earnings	4,948,000	4,477,000
Total Liabilities & Shareholders' Equity	$ 17,135,000	$ 9,050,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.06	8.04
%Net Income to Sales	2.76	4.42
%Net Income to Equity	7.42	11.43
Sales to Inventories	5.40	5.42
Debt to Equity	1.33	0.22
Working Capital	$ 3,319,000	$ 3,725,000
Current Ratio	1.80	2.26
Shareholders' Equity	$ 6,346,000	$ 5,783,000

Nicolet Instrument Corporation

5225 Verona Road
Madison, Wisconsin 53711-4495
(608) 271-3333

Officers: O.E. Powers, chairman, president & chief exec. officer; Peter McKane, sr. v.p. & chief financial officer; Hiroshi Bando, v.p. & representative director-Nicolet Japan Corporation; Richard J. Cushing, vice president; Robert C. Joseph, group vice president; Dale C. Davig, v.p.; Kurt Hecox, v.p.; Alan Lord, v.p.; Mark R. Parman, v.p.; Robert Terrio, v.p.; David B. Wescoe, v.p., general counsel & secretary; Kevin M. Flanagan, treasurer; Gerald G. Brew, corp. controller.

Directors: L.V. Ackman, John G. Bollinger, Jeanette Grasselli, Odell E. Powers, Tania Amochaev, John Nils Hanson, Roger L. Headrick, Richard W. Schoenke.

Areas of Work: Designs, manufactures and markets electronic instruments for measurement, analysis and display applications. Analytical instruments include infrared spectrometers, data acquisition systems, mass spectrometers, and x-ray diffractometers and imaging systems; Test instruments include digital oscilloscopes, integrated development instruments, logic analyzers and related accessories; Biomedical instruments include electro-diagnostic testing systems, medical data acquisition systems and related accessories. Also produces hearing diagnostic equipment and hearing aid devices.

Divisions and Subsidiaries:

Nicolet X-Ray Products
5225 Verona Road
Madison, Wisconsin 53711

Nicolet Instrument GmbH
Senefelderstrasse 162
D-6050 Offenbach am Main, West Germany

Nicolet Instruments Limited
Budbrooke Road
Warwick, Warwickshire CV34 5XH, England

Nicolet Instrument Canada Limited
1-1200 Aerowood Drive
Mississauga, Ontario L4W 2S7, Canada

Nicolet Analytical Division
5225 Verona Road
Madison, Wisconsin 53711

Nicolet Biomedical Division
5225 Verona Road
Madison, Wisconsin 53711
(608) 271-3333

Test Instruments Division
Madison, Wisconsin

Manufactures digital oscilloscopes and logic analyzers as well as disk drive testers, in-circuit emulators, and application-specific test systems.

Audiodiagnostics Division

Manufactures hearing diagnostic equipment as well as improved hearing aid devices.

Nicolet Japan Corporation
Daisho Building 8-7-6 Chome
Nishi-Nakajima, Yodogawa-ku
Osaka 532, Japan

Nicolet Instrument S.A.R.L.
Z-1 Les Gatines
Rue Elsa Triolet
78370 Plaisir, France

Nicolet Instrument-FSC, Inc.
U.S. Virgin Islands

Nicolet Xentronics Corporation

Manufactures area detectors and other accessories for the X-ray diffraction market.

Braintech, Inc.

Developing BEAM (Brain Electrical Activity Mapping) technology.

Nicolet Paratronics Corporation

Manufacturer of logic analyzers.

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
South St. Paul, Minnesota

Stock Exchange(s): New York

Ticker Symbol: NIC

Number of Employees:

1989	1,015	1986	1,069
1988	1,212	1985	1,289
1987	1,128		

Plant Footage:

1989 .... 284,700 sq. ft.

Sales & Earnings

	Net Sales +	Net Income
1989	$ 133,761,000	$ (20,697,000)
1988	143,746,000	(4,368,000)
1987	120,203,000	14,469,000
1986	105,571,000	2,855,000
1985	98,669,000	4,793,000

	No. of Com. Shares #	Earn. per Share #
1989	6,500,000	$ —
1988	6,500,000	—
1987	6,600,000	2.19
1986	6,500,000	0.44
1985	6,300,000	0.76

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	$ —	—	—
1988	—	—	
1987	0.09	—	—
1986	0.12	—	—
1985	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 52,181,000	$ 7.86
1988	70,273,000	11.05
1987	78,586,000	12.02
1986	65,180,000	9.96
1985	59,292,000	9.41

Income Account *
(000's)

Year ended	3/31/89	4/1/88
Revenues	$ 133,761	$ 143,746
Cost of sales	70,732	76,067
Expenses	62,776	68,756
Loss from invest. in joint venture	761	—
Prov. for organiz. restruc.	4,761	1,856
Interest income	(161)	(247)
Interest expense	2,274	2,750
Loss before taxes	$ (7,382)	$ (5,456)
Tax credit	(538)	(1,136)
Loss-cont. oper.	$ (6,844)	$ (4,320)
Loss-discont. oper.	(13,853)	(48)
Net Loss	$ (20,697)	$ (4,368)

* Included in Costs and Expenses, Depreciation and Amortization: $6,403,000 in 1988 and $4,905,000 in 1987.

Assets
(000's)

As of	3/31/89	4/1/88
Cash & marketable securities	$ 5,191	$ 1,533
Receiv., net	30,388	42,611
*Inventories	26,175	39,735
Deposits	968	1,953
Recov. inc. taxes	3,401	6,448
Sundry	1,731	2,175
Current Assets	$ 67,854	$ 94,455
#Fixed assets	20,708	21,897
Intangibles, net	6,082	15,040
Invest. in joint venture	6,648	—
Other assets	2,489	4,350
Total Assets	$ 103,781	$ 135,742

Liabilities
(000's)

Notes payable	$ 251	$ 5,807
Long-term debt, curr.	—	105
Accts. payable	9,489	14,042
Employee compens.	3,481	5,034
Income taxes	3,225	3,020
Unearned revenue	4,510	4,586
Provision for reorganization	2,720	3,097
Accrued warranties	1,772	865
Other accruals	6,745	5,120
Curr. Liabilities	$ 32,193	$ 41,676
Long-term debt	19,407	23,042
Deferred inc. taxes	—	751
+Common stock	1,659	1,589
Add. paid-in capital	42,185	39,167
Retained earnings	8,554	29,251
Unearned comp.	(951)	(540)
Cum. trans. adj.	734	806
Total Liabilities & Shareholders' Equity	$ 103,781	$ 135,742

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

Debt to Equity	0.38	0.41
Working Capital	$ 35,661,000	$ 52,779,000
Current Ratio	2.11	2.27
Shareholders' Equity	$ 52,181,000	$ 70,273,000

Nixdorf Computer AG

Firstenallee 7
Paderborn D-4790 Federal Republic of Germany,
(02521) 506110

Supervisory Board: Gerhard Schmidt, Jurgen Robler, Paul Heggemann, Wolfgang Henseler, Walter Kreib, Gerhard Kruger, Wolfgang Raum, Helmut Rausch, Gunther Sabmannshausen, Ludwig Schneider, Klaus Schwab, Jurgen Sengera, Ulrich Starke, Christa Stracke, Marianne Thomann-Stahl, Herbert Zapp.

Executive Directors: Klaus Luft, chairman; Arno Bohn, vice chairman; Hartmut Fetzer, Albert Holler, Horst Nasko, Karlheinz Voll, Sven Kado, deputy member.

Areas of Work: Designs, develops, manufactures and markets computers arranging from hand-held computers and PCs to network systems and super-minicomputers; telecommunications systems, including PABXs, digital telephones, videotex-telephone terminals, voice boxes, and facsimile machines; point-of-sales systems for retailers; self-service equipment such as statement printers, ATMs and terminals for financial transactions for the banking industry; self-service ticket printers for the airlines industry; factory automation systems; and a variety of standard program and applications software.

Subsidiaries (North America):

Nixdorf Computer Corporation

Eastern Regional Corporation
300 Third Avenue
Waltham, Massachusetts 02154
(617)890-3600

Western Regional Office
6120 Bristol Parkway
Culver City, California 90230
(213) 642-0030

Nixdorf Computer Engineering Corporation
52 Third Avenue
Burlington, Massachusetts 01803
(617) 273-0480

Nixdorf Computer Software Corporation
6517 Everglades Drive
Richmond, Virginia 23225
(804) 276-9200

Nixdorf Computer Canada Ltd.
1131 Leslie Street
Third Floor, Don Mills
Toronto, Ontario M3C 3L8, Canada
(416) 449-0035

Stock Exchange(s): Stock Exchange(s): German, Swiss, Austrian and French stock exchanges.

Number of Employees

1986	25,576	1985	23,290

Sales & Earnings

	Revenues (000's)	Net Income (000's)
1986	DM 4,503,000	DM 222,000
1985	3,926,000	172,000
1984	3,273,000	121,000
1983	2,712,000	94,000
1982	2,287,000	73,000

	No. of Com. Shares	Earn. per Share ‡
198	11,267,000	DM 19.70

DM - deutsche mark
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	DM	10–	—
1985		10—	

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	DM 3,042,000	DM 270
1985	2,268,000	—
1984	1,460,000	—
1983	792,000	—
1982	624,000	—

Income Account
(000's)

Year Ended Dec. 31	1986	1985
Revenues	DM 4,503,000	DM 3,926,000
Other income	557,000	666,000
Total income	DM 5,060,000	DM 4,592,000
Cost of sales	1,545,000	1,481,000
Personnel expense	1,591,000	1,451,000
Depreciation	512,000	415,000
Interest expense	75,000	79,000
Other expense	976,000	865,000
Income before taxes	DM 361,000	DM 301,000
Income taxes	139,000	129,000
Net Income	DM 222,000	DM 172,000

Assets
(000's)

As of Dec. 31	1986	1985
Accts. receiv., net	DM 1,023,000	DM 973,000
*Inventories	1,170,000	1,082,000
Other curr. assets	465,000	485,000
Current Assets	DM 2,658,000	DM 2,540,000
#Fixed assets	1,373,000	1,142,000
Rental equipment	323,000	465,000
Other assets	50,000	39,000
Total Assets	DM 4,404,000	DM 4,186,000

Liabilities
(000's)

Accruals & reserve for bad debt	DM 486,000	DM 416,000
Current Liabilities	DM 486,000	DM 416,000
Long-term liabilities	116,000	239,000
Other liabilities	760,000	1,263,000
+Common stock	560,000	480,000
Reserves & special items	2,381,000	1,704,000
Unapprop. retained earnings	101,000	84,000
Total Liabilities & Shareholders' Equity	DM 4,404,000	DM 4,186,000

* At lower of cost or net realizable value.
# Less accumulated depreciation.
+ DM50 par value.

Statistical Summary

% Income bef. Taxes to Sales	8.02	7.67
% Net Income to Sales	4.93	4.38
% Net Income to Equity	7.30	7.58
Working Capital (000's)	DM 2,172,000	DM 2,124,000
Current Ratio	5.47	6.11
Shareholders Equity (000's)	DM 3,042,000	DM 2,268,000

Nortek, Inc.

50 Kennedy Plaza
Providence, Rhode Island 02903-2360
(401) 751-1600

Officers: Ralph R. Papitto, chairman of the board & chief exec. officer; Richard L. Bready, president, chief financial & chief operating officer; William J. Wind, vice president-group operations; George C. Neumann, vice president-group operations; John R. Potter, v.p., general counsel & secretary; Almon C. Hall, v.p., controller & chief accounting officer; Richard J. Harris, v.p. & treasurer; Bruce E. Fleming, v.p.-corp. development; Joseph Morrow, group v.p.-Aerospace Division; Thomas A. Abramczyk, v.p.-international operations.

Directors: Ralph R. Papitto, chairman; Richard L. Bready, Richard J. Harris, Philip B. Brooks, Richard H. Hochman, Malcolm M. Donahue, Victoria Lederberg, Guido R. Salvadore.

Areas of Work: Operations are organized into two business segments. In the area of Commercial and Residential Building Products are included home ventilation equipment, range hoods, bathroom cabinets, lighting fixtures, sound system intercoms, and heating and cooling systems. In the area of Aerospace and Industrial Products are included fasteners for military and commercial aircraft, air-powered tools and line support clamps for the aerospace and construction industries, landing gear and precision metal components, and self-contained sanitation units.

Divisions and Subsidiaries:

Broan Mfg. Co., Inc.
P.O. Box 140
Hartford, Wisconsin 53027
Manufactures home ventilating products, and kitchen range hoods.

Monarch Metal Products Corporation
1901 Estes Ave.
Elk Grove Village, Illinois 60007
Manufactures medicine cabinets, bathroom lighting fixtures and mirrors.

M & S Systems, Inc.
2861 Congressman Lane
Dallas, Texas 75201
Manufactures built-in music and intercom systems, and central vacuum systems.

Jensen Industries, Inc.
1946 East Yeth Street
Los Angeles, California 90058
Manufactures bathroom mirrors, lighting fixtures, medicine cabinets and apartment mailboxes.

Dixieline Lumber Company
San Diego, California
Operates 10 retail home centers and a wholesale lumber outlet in the San Diego, California area.

Monogram Aerospace Fasteners
3423 South Garfield Avenue
Los Angeles, California 90040
Manufactures specialty fasteners for commercial and military aircraft, as well as the space industry.

Custom Craft
8557 Higuera Street
Culver City, California 90230
Supplies precision sheet metal components used by gas-turbine manaufacturers serving the military and commercial segments of the aerospace industry.

J & M Products
1919 Victory Place
Burbank, California 91504

Nordyne
10820 Sunset Office Drive
St. Louis, Missouri 63127

Textone, Inc.
Mammoth
Governair
Temtrol

Peacock Engineering
10620 Firestone Boulevard
Norwalk, California 90650
Manufactures high-quality, precision aerospace parts and aircraft landing gear.

Monogram Sanitation
4030 Freeman Boulevard
Redondo Beach, California 90278
Supplies self-contained sanitation units used by commercial aircraft.

Chester Hoist
Salem Road
Lisbon, Ohio 44432

AFC
55 Samuel Barnett Boulevard
New Bedford, Massachusetts 02745

Quality Aluminum Forge, Inc.
Orange, California
Manufactures aluminum precision forgings.

Broan, Ltd.
Manufactures range hoods, fans, heaters, central vacuums, door chimes, lighting fixtures and other residential products.

Universal-Rundle Corporation
Manufactures bath products, including tubs, lavatories, faucets, fixtures, vanities, and medicine cabinets.

L. J. Smith, Inc.
Manufactures custom hardwood stairs and stair rail parts.

Mohawk Flush Doors, Inc.
Northumberland, Pennsylvania
South Bend, Indiana
Manufactures interior hollow core flush doors.

American Door Company of Michigan, Inc.
Walkerton, Indiana
Manufactures interior hollow core flush doors.

Bend Millwork Company/Pozzi Window Co.
Manufactures exterior wood doors, insulated windows and millwork.

Linear Corporation
2055 Corte Del Nogal
Carlsbad, California 92009
Production of home security systems and garage door operators.

Bradford-White Corp.
24th & Ellsworth Streets
Philadelphia, Pennsylvania 19146
Production of gas and electric water heaters.

Shower-Rite
7519 South Greenwood Avenue
Chicago, Illinois 60619
Production of shower and tub enclosures.

Acquisition:

Aubrey Manufacturing, Inc.
Union, Illinois
Manufactures Air Care range hoods, fans and portable heaters.

Transfer Agent(s):

State Street Bank and Trust Company
Boston, Massachusetts 02101

Stock Exchange(s): New York

Ticker Symbol: NTK

Number of Employees:

1987 .... 12,822 1986 10,900

Plant Footage:

1987 ...... 6,485,589 sq. ft. 1986 5,925,400

Sales & Earnings

	Net Sales +	Net Income ‡
1988	$ 1,224,237,000	$ 19,600,000
1987	1,056,696,000	(7,250,000)
1986	727,339,000	29,000
1985	341,267,000	17,600,000
1984	253,229,000	16,900,000

	No. of Com. Shares †	Earn. per Share ‡ #
1988	14,379,698	$ 1.34
1987	15,228,898	—
1986	16,238,000	2.00
1985	13,269,000	1.52
1984	9,123,000	1.83

+ Of continuing operations only.
‡ Including extraordinary gain of $6,400,000 ($0.44 per share) in 1988 and extraordinary losses of $550,000 in 1987 and $8,000,000 ($0.55 per share) in 1986.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Commercial & residential building products	$ 1,138,961	$ 972,091
Aerospace & industrial prods.	83,460	79,791
Businesses sold	1,816	4,814
Total	$ 1,224,237	$ 1,056,696

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.140	—	—
1987	0.140	—	
1986	0.095	—	4-for-3
1985	0.080	—	—
1984	0.080	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 234,851,000	$ 16.33
1987	222,822,000	14.63
1986	240,829,000	14.83
1985	177,793,000	13.40
1984	127,343,000	13.96

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 1,224,237	$ 1,056,696
Cost of sales	941,816	800,052
Expenses	247,713	189,561
Interest & debt expense	68,503	64,165
Interest income	(29,195)	(29,782)
Loss (gain) on sale of secur.	(11,000)	23,300
Income bef. taxes	$ 6,400	$ 9,400
Income taxes	4,900	5,100
Inc.- cont. oper.	$ 1,500	$ 4,300
Inc. (loss) - discont. oper.	11,700	(11,000)
Net Income (Loss)	$ 13,200	$ (6,700)
Extraord. items	6,400	(550)
Net Income (Loss) & extraord. items	$ 19,600	$ (7,250)

* Included in Costs and Expenses, Depreciation and Amortization: $35,259,000 in 1988 and $28,599,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term invest.	$ 40,210	$ 66,561
Market. securities	200,679	213,155
Accts. receiv., net	189,005	153,700
*Inventories	198,255	189,968
Net assets - discont. oper.	18,257	56,334
Current Assets	$ 646,406	$ 679,718
#Fixed assets	196,500	187,391
Intangibles	135,487	142,432
Def. debt exp.	10,211	12,629
Invest. in Stanley Interiors	—	24,018
Net assets - discont. oper.	9,031	16,808
Other assets	54,565	40,295
Total Assets	$ 1,052,200	$ 1,103,291

Liabilities
(000's)

Long-term debt, curr.	$ 50,832	$ 92,272
Accts. payable	79,874	69,232
Accruals	93,648	74,492
Curr. Liabilities	$ 224,354	$ 235,996
Long-term debt	154,162	166,120
Sr. subord. deben.	232,863	241,616
Subord. deben.	90,592	92,240
Convert. deben.	78,213	113,250
Other liabilities	37,165	31,247
+Common stock	14,928	14,617
+Special common stock	1,578	1,787
Add. paid-in capital	138,055	136,707
Retained earnings	110,055	91,838
Treasury stock	(23,801)	(15,263)
Deferred comp.	(5,964)	(6,864)
Total Liabilities & Shareholders' Equity	$ 1,052,200	$ 1,103,291

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation and depletion.
+ $1 par value.

Statistical Summary

%Net Income to Equity	5.62	—
Sales to Inventories	6.18	5.56
Debt to Equity	0.87	1.16
Working Capital	$ 422,052,000	$ 443,722,000
Current Ratio	2.88	2.88
Shareholders' Equity	$ 234,851,000	$ 222,822,000

North American Philips Corporation

100 East 42nd Street
New York, New York 10017
(212) 697-3600

(As of November 2, 1987, the Company became an indirect wholly owned subsidiary of N.V. Philips of the Netherlands.)

Officers: Cees Bruynes, chairman & president; Richard A. Daunoras, exec. v.p. & chief financial officer; Frank Hopkins, executive vice president; Edward Klein, executive vice president; Stephen C. Tumminello, executive vice president; Winifred C. J. van't Hoff, executive vice president; Robert T. Cavanagh, senior vice president; Daniel F. Minahan, senior vice president; Wallace E. J. Collins, vice president, secretary & general counsel; Charles F. Dransfield , vice president; Patrick J. Greaney, vice president; Albert A. Ruttner, vice president; Donald L.a Hamilton, vice president; Charles E. Ferguson, vice president; John C. Messerschmitt, vice president; Larry J. French, vice president; Paul S. Friedlander, vice president; Bruce D. Bengston, vice president; Arthur J. Dojan, vice president; Stanley I. Cundey, Jr., v.p. & treasurer; James S. Cole, v.p. & controller; William E. Curran, assistant treasurer; Joseph C. Miranda, asst. secretary; Ronald Phillips, staff vice president; Denis J. Riordan, staff vice president; Emil J. Misisco, staff vice president; James Mooney, staff vice president; John T. D. Rich, staff vice president; Lewis J. Shiolena, staff vice president.

Directors: Edward J. Boling, Cees Bruynes, Joseph A. Rice, Fletcher L. Byron, Frank Chapman, Robert G. Dettmer, Robert L. Newell, Pieter C. Vink, Hamilton B. Mitchell, Robert A. Powers, William M. Rees, Charles S. Minter, Jr., R. J. Ventres, Gerrit Jeelof, Scott C. Lea, Johannes Zantman.

Areas of Work: The Company is engaged in four basic areas: consumer products; electrical/electronic components; lighting products, and professional equipment. Products included Magnavox, Philco and Sylvania home entertainment products, Norelco electric razors and coffee makers, Philips lamps, medical systems, and electronic instruments, Genie garage door openers, Ohmitre resistors, Dialight indicators, Selmer musical instruments, and Plumbicon TV camera tubes, among others.

Divisions and Subsidiaries:

Advance Transformer Company
2950 North Western Avenue
Chicago, Illinois 60618
Ballasts for fluorescent and high intensity discharge lamps; dimming and control systems; power units for microwave cooking.

Amperex Electronic Corporation
Slatersville, Rhode Island
Electron tubes, electro-optical devices; semiconductors; integrated circuits; electronic components.

Consumer Products Divisions
Stamford, Connecticut
Norelco electric shavers; hearing aids; personal care and home appliances; electrical housewares; tape recorders and blank cassettes; AKG microphones and headphone; Norelco Service, Inc. for service, parts and accessories.

Dialight Corporation
Manasquan, New Jersey
Indicator lights, numeric readouts, LED devices, switches, plugs, mounting accessories, electronic educational kits.

Electrical Industries
691 Central Avenue
Murray Hill, New Jersey 07974
Hermetic glass-to-metal seals for component manufacturers; glass preforms; wire preforms; metal stamps; coined component parts; screw machine products.

N.A.P. Consumer Electronics Corp.
Knoxville, Tennessee
Manufactures home entertainment products including complete television-stereo consoles, radio-phonograph components and components systems, portable table and clock radios, tape recorders, cassette changers and accessories.

Magnavox Government and Industrial Electronics Company
1700 Magnavox Way
Fort Wayne, Indiana 46804
Engaged in the areas of defense communications, minicomputers and computer terminals, airborne submarine surveillance systems and position-location and navigation systems.

Magnavox Advanced Products and Systems Company
Torrance, California

Magnavox Electronic Systems Company
Fort Wayne, Indiana

Airpax Corporation
Cheshire Industrial Park
Cheshire, Connecticut 06410
Electro-mechanical and electronic timing and control systems; timing, control and stepper motors; aircraft timing systems; microminiature and subminiature electro-mechanical and electronic relays.

North American Philips Lighting Corporation
Somerset, New Jersey
Mercury vapor lamps, sodium lighting products, reflector-type lamps; projections lamps for movies and slides; spotlights and floodlights; flashbulbs; miniature and subminiature lamps; special discharge lamps; lighting fixtures.

Ohmite Manufacturing Company
3601 Howard Street
Skokie, Illinois 60076
Wirewound power resistors and rheostats; power tap switches, variable transformers; relays, solid state power controls and other components.

Philips Business Systems, Inc.
Woodbury, New York 11797
Dictation systems including desk, portable and pocket models; intercom equipment; pocket paging systems; office computers and peripherals.

Philips Electronic Instruments, Inc.
Mahwah, New Jersey 11797
Analytical instrumentation and systems; transmission electron microscopes; X-ray diffraction and spectropraphic equipment; X-ray radiographic equipment; IRS, UV, VIS and AA spectrophotometers; liquid chromatographs; air and water polllution monitors; X-ray baggage inspection equipment; canning electron microscopy.

Mepco/zCentralab, Inc.
Rivera, Florida

Philips Laboratories
345 Scarborough Road
Briarcliff Manor, New York 10510
Research and development in electro-optics with related programs in solid state electronics and instrumentation.

American Color & Chemical Corporation
Charlotte, North Carolina

Anchor Brush Company, Inc.
Montgomery, Illinois

Philips ECG, Inc.
Seneca, New York

The Selmer Company
Elkhart, Indiana

Magnavox CATV Systems, Inc.
Manlius, New York

Philips Medical Systems, Inc.
710 Bridgeport Avenue
Shelton, Connecticut 06484
Diagnostic and therapeutic X-ray systems for medical, dental, podiatry and veterinary applications; medical electronic systems; hospital planning and equipment and supplies consulting.

Phillips Home Products, Inc.
Akron, Ohio

Number of Employees:

1987	50,500
1986	50,400
1985	51,800
1984	57,400
1983	56,550

Plant Footage:

1987 ..... 20,860,000 sq. ft.

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	$ 4,846,900	$ (18,100)
1986	4,531,600	68,500
1985	4,395,200	81,500
1984	4,325,900	130,500
1983	3,799,825	95,712

	No. of Com. Shares ‡	Earn. per Share #
1987	1,000	$ —
1986	29,100,000	2.36
1985	28,900,000	2.82
1984	28,800,000	4.53
1983	28,704,082	3.38

(Loss)
‡ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Consumer electronics	$ 1,490,500	$ 1,311,600
Elec. consumer prods.	913,700	889,700
Other consumer prods. & services	138,400	201,300
Electrical & electronic components	1,035,100	892,600
Professional equipment	1,269,200	1,236,400
Total	$ 4,846,900	$ 4,531,600

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1987	$ 0.75	—	—
1986	1.00	—	
1985	1.00	—	—
1984	1.00	—	—
1983	0.85	—	2-for-1

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1987	$ 1,073,600	$ —
1986	1,096,200	37.78
1985	1,050,600	36.35
1984	986,800	34.30
1983	883,874	30.79

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 4,846,900	$ 4,531,600
Cost of sales	3,891,300	3,577,300
Expenses	826,300	807,700
Restructuring of oper.	22,500	(10,100)
Other income	(6,400)	(7,100)
Interest expense	69,000	62,000
Income before taxes	$ 43,800	$ 101,800
Income taxes	14,600	20,600
Dividend payable on stock of subsid.	12,700	12,700
Inc.-cont. oper.	$ 16,500	$ 68,500
Loss-discont. oper.	(34,600)	—
Net Income (Loss)	$ (18,100)	$ 68,500

* Included in Costs and Expenses, Depreciation and Amortization: $123,600,000 in 1987 and $110,400,000 in 1986.

Assets
(000's)

As of Dec. 31.	1987	1986
Cash	$ 55,600	$ 48,600
Accts. & notes receiv., net	899,400	965,400
Deferred tax benefits	98,000	45,800
* Inventories	1,026,500	956,800
Prepaid expenses	26,800	29,300
Due from sub.	95,900	17,400
Current Assets	$ 2,202,200	$ 2,063,300
#Fixed Assets	806,800	738,700
Other assets	93,300	83,800
Total Assets	$ 3,102,300	$ 2,885,800

Liabilities
(000's)

Notes payable	$ 155,200	$ 92,500
Long-term debt, curr.	2,800	2,700
Accts. payable	246,400	229,200
Accruals & other liabilities	514,100	442,300
Dividends payable	12,700	7,200
Income taxes	36,400	33,500
Due to affiliates	110,000	93,300
Curr. Liabilities	$ 1,077,600	$ 900,700
Long-term debt	575,400	552,500
Interest in pref. stock of subsid.	212,000	212,000
Deferred income taxes	116,300	109,900
Other liabilities	47,400	14,500
+Common stock	—	151,600
Add. paid-in capital	256,200	107,100
Retained earnings	817,400	849,600
Treasury stock	—	(12,100)
Total Liabilities & Shareholders' Equity	$ 3,102,300	$ 2,885,800

* At lower of cost (FIFO) or market. Electronics inventories at LIFO.
# Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.25
%Net Income to Sales	—	1.51
%Net Income to Equity	—	6.25
Sales to Inventories	4.72	5.29
Debt to Equity	0.68	0.59
Working Capital	$ 1,124,600,000	$ 1,162,600
Current Ratio	2.04	2.29
Shareholders' Equity	$ 1,073,600,000	$ 1,096,200,000

North Atlantic Industries, Inc.

60 Plant Avenue
Hauppauge, New York 11788
(516) 582-6500

Officers: Malcolm D. Widenor, chairman of the board & chief executive officer; Robert A. Carlson, president and chief operating officer; Walter Lipkin, sr. v.p. & secretary; Richard A. Schneider, v.p.-finance.

Directors: Walter Lipkin, Malcolm D. Widenor, John D. May, Robert Rosenthal, Robert A. Carlson.

Areas of Work: Manufactures electronic instrumentation for the measurement of complex A.C. signals; manufactures computer peripherals, printers, and angle position indicators.

Divisions and Subsidiaries:

Printer Products Division
Engaged in the production of dot matrix, Tempest dot matrix and Tempest laser printers.

Instrument Division
Instrument products include specialized analog/digital signal processing equipment used for measurement test, control and maintenance in the aerospace, military and commercial avionic markets.

Military Products Division
Designs, develops and markets militarized computer peripherals.

Transfer Agent(s):

The American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NATL (NASDAQ)

Number of Employees:

1988	319	1986	516
1987	355	1985	467

Plant Footage:

1988	131,000 sq. ft.	1985	138,000
1987	154,000	1984	13[illegible],500
1986	154,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 32,320,000	$ 1,019,000
1987	32,698,000	(5,884,000)
1986	35,242,000	1,409,000
1985	31,563,000	1,038,000
1984	26,198,000	1,393,000

	No. of Com. Shares +	Earn. per Share +
1988	3,487,000	$ 0.29
1987	3,559,000	—
1986	3,559,000	0.40
1985	3,505,000	0.30
1984	3,489,000	0.40

+ Based on the average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 13,592,000	$ 3.90
1987	12,573,000	3.53
1986	18,238,000	5.12
1985	16,592,000	4.73
1984	15,370,000	4.41

+ Based on the average number of common shares outstanding.

Income Account *

Year ended	12/31/88	1/2/88
Net sales	$ 32,320,000	$ 32,698,000
Cost of sales	22,286,000	23,452,000
Expenses	8,344,000	7,987,000
Interest income	(159,000)	(76,000)
Interest expense	828,000	729,000
Gain on sale of prop.	(5,000)	—
Income before taxes	$ 1,026,000	$ 606,000
Income taxes	7,000	199,000
Income-cont. oper.	$ 1,019,000	$ 407,000
Loss.-discont. oper.	—	(6,291,000)
Net Income (Loss)	$ 1,019,000	$ (5,884,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,123,000 in 1988 and $1,192,000 in 1987.

Assets

As of	12/31/88	1/2/88
Cash	$ 451,000	$ 344,000
Accts. receiv, net	7,915,000	6,705,000
Notes receivable	2,078,000	358,000
Income taxes	14,000	1,774,000
*Inventories	8,008,000	8,091,000
Assets-discont. oper.	—	2,160,000
Other curr. assets	312,000	221,000
Current Assets	$ 18,778,000	$ 19,653,000
#Fixed assets	7,171,000	7,892,000
Assets-discont. oper.	—	1,355,000
Other assets & deposits	248,000	210,000
Total Assets	$ 26,197,000	$ 29,110,000

Liabilities

Notes payable	$ 5,800,000	$ 6,127,000
Long-term debt, curr.	396,000	852,000
Accts. payable	2,118,000	2,932,000
Accrued payroll & commissions	314,000	362,000
Accrued pension expense	—	220,000
Other accruals	896,000	1,778,000
Deferred income taxes	192,000	192,000
Other curr. liab.	100,000	153,000
Curr. Liabilities	$ 9,816,000	$ 12,616,000

Long-term debt	2,789,000	3,658,000
Redeem. preferred stock	—	263,000
+Common stock	349,000	349,000
Add. paid-in capital	7,458,000	7,458,000
Retained earnings	5,795,000	4,776,000
Treasury stock	(10,000)	(10,000)
Total Liabilities & Shareholders' Equity	$ 26,197,000	$ 29,110,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	3.17	—
% Net Income to Sales	3.15	—
%Net Income to Equity	7.50	—
Sales to Inventories	4.04	4.04
Debt to Equity	0.66	0.85
Working Capital	$ 8,962,000	$ 7,037,000
Current Ratio	1.91	1.56
Shareholders' Equity	$ 13,592,000	$ 12,573,000

North Hills Electronics, Inc.

1 Alexander Place
Glen Cove, New York 11542
(516) 671-5700

Officers: Leo Staschover, chairman & chief exec. officer; Howard G. Anders, president, chief oper./financial officer & treasurer; John F. Wilkens, secretary.

Directors: Leo Staschover, chairman; Howard G. Anders, Joe P. Schindler, Morton Langer.

Areas of Work: Engaged in the design, development, manufacture and sale of high voltage and high current electronic power products and sources, computer networking and wideband signal processing devices.

Divisions:

Communications Products Division
Power Products Division
Special Products Division

Subsidiaries:

Displex, Inc.
Glen Cove, New York
Markets uninterruptible power supplies and a series of power line conditioners.

North Hills Israel, Ltd.
38 Yayashim Street
Yokneam, Israel
Designs and manufactures Mil-Spec power supplies.

North Hills Trading, Ltd.
38 Hayashim Street
Yokneam, Israel
Functions as a sales representative for several U.S. companies, including North Hills Electronics.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NOHL (NASDAQ)

Number of Employees:

1989	190	1986	95
1988	150	1985	95
1987	N.A.		

Plant Footage:

1989	49,000 sq. ft.	1986	24,000
1988	32,000	1985	24,000
1987	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales †	Net Income
1989	$ 12,083,860	$ 339,821
1988	8,337,000	(477,787)
1987	4,102,000	(1,278,546)
1986	2,471,000	(844,870)
1985	4,220,000	544,512

	No. of Com. Shares	Earn. per Share #
1989	2,686,412	$ 0.13
1988	2,686,412	—
1987	2,654,412	—
1986	2,654,412	—
1985	2,625,186	0.20

(Loss)
† Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 4,951,527	$ 1.84
1988	4,611,006	1.72
1987	5,026,659	1.89
1986	6,301,699	2.37
1985	7,074,442	2.69

Income Account *

Year ended Jan. 31	1989	1988
Net sales	$ 12,083,860	$ 8,337,027
Cost of sales	7,222,594	5,021,288
Expenses	4,060,595	3,521,262
Other income	(34,426)	(56,343)
Interest expense	447,276	286,682
Inc. (loss) bef. taxes	$ 387,821	$ (435,862)
Income taxes	48,000	1,000
Inc. (loss) - cont. oper.	$ 339,821	$ (436,862)
Loss - discont. oper.	—	(40,925)
Net Income (Loss)	$ 339,821	$ (477,787)

* Included in Costs and Expenses, Depreciation and Amortization: $435,032 in 1989 and $423,060 in 1988.

Assets

As of Jan. 31	1989	1988
Cash	$ 531,282	$ 666,720
Accts. receiv., net	2,000,233	1,884,581
*Inventories	3,980,517	3,073,572
Refundable income taxes	9,171	15,620
Prepaid expenses	280,354	575,456
Receiv. from sale of div.	—	550,000
Current Assets	$ 6,801,557	$ 6,765,949
#Fixed assets	3,392,460	3,408,935
Goodwill	406,744	468,016
Other assets	458,519	430,969
Total Assets	$ 11,059,280	$ 11,073,869

Liabilities

Long-term debt, curr.	$ 164,644	$ 164,644
Notes payable	1,951,267	1,891,267
Accts. payable	971,221	1,330,650
Accruals	411,519	302,556
Curr. Liabilities	$ 3,498,651	$ 3,689,117
Long-term debt	2,609,102	2,773,746
+Common stock	26,868	26,864
Add. paid-in capital	4,688,516	4,687,820
Retained earnings (deficit)	236,143	(103,678)
Total Liabilities & Shareholders' Equity	$ 11,059,280	$ 11,073,869

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	2.71	1.68
Debt to Equity	1.05	0.57
Working Capital	$ 3,076,832	$ 3,010,179
Current Ratio	1.83	2.92
Shareholders' Equity	$ 4,611,006	$ 5,026,659

Northern Telecom Limited

(52.5% owned by BCE Inc.)

3 Robert Speck Parkway
Mississauga, Ontario, Canada L4Z 3C8
(416) 897-9000

Officers: Edmund B. Fitzgerald, chairman & chief executive officer; David G. Vice, president; Donald A. Noble, executive v.p.-corporate; John A. Roth, exec. v.p.-product line mgmt.; J. Derek M. Davies, exec. v.p.-corp. strategy; Clive V. Allen, sr. v.p. & gen. counsel; Stephen N. Bowen, sr. v.p.-public affairs; Terry M. Nickerson, sr. v.p.-finance & chief financial officer; John P. Strimas, v.p.-corp. relations; L. C. Beaumont, sr. v.p.-technology; Philip T. Erickson, v.p.-patents & licenses; Margaret G. Kerr, v.p.-environment, health and safety; Anthony J. Lafleur, v.p., associate general counsel & asst. secretary; A. R. Ian Munns, v.p.-production line management; Charles M.H. Shiu, v.p.; R. Peter Washburn, v.p.-public affairs; Hugh A. Hamilton, v.p.; James E. Wilkinson, v.p. & treasurer; Louyse Gauvin, v.p., secretary & asst. general counsel; Charles B. Baker, v.p.-market development; Harry W.G. Johnson, v.p.-human resources; Robert N. Neumeister, Jr., v.p. & controller; W.J. Noll, v.p.-product line management.

Directors: Ian A. Barclay, Owen B. Butler, A. Jean de Grandpre, Edmund B. Fitzgerald, Donald S. Harvie, Robert S. Hurlbut, Walter F. Light, Paul F. Oreffice, Charles Perrault, Walter M. Robinson, Jr., Donald J. Schuenke, William M. Sobey, E. Peter Lougheed, Bowie K. Kuhn, David G. Vice, J. Peter Gordon, Betty Kennedy, David L. Nicholson, Paul G. Stern, J. V. Raymond Cyr.

Areas of Work: Electromechanical and electronic analog and digital switching systems; cable systems; optoelectronic systems; channel banks; repeaters; fuses; relays; dryreed relays; power equipment; printed-circuit boards and packs; step-by-step switching systems; sheet metal and piece parts; networks and sensors; residential and business telephones and components; electronic equipment and test sets; analog and digital transmission equipment; multiplex, voice frequency and radio equipment; capacitors; protectors; custom large-scale-integrated circuits; distributed data processing terminals and systems, disks and disk storage devices, video displays, printers, magnetic tape drives, software development, printed circuit boards, on-line terminal systems, remote batch and multifunction terminal systems; private switching networks; test equipment, data communications diagnostic systems, analog and digital private branch exchanges.

Divisions and Subsidiaries:

Bell-Northern Research Ltd. (70% owned)
3500 Carling Avenue
Ottawa, Ontario K2H 8E9, Canada
(613) 763-2211

BNR Inc.
685A East Middlefield Road
Mount View, California 94043
(415) 969-9170

BNR LIMITED
BNR Park
Concorde Road
Norreys Drive
Maidenhead, Berkshire SL6 4AG, England
(44)(628)77077

Netas-Northern Electric Telekomunikasyon A.S.
Alemdag Caddesi
Umraniye, Uskudar 81244 Istanbul, Turkey

Northern Telecom World Trade Corporation
304 The East Mall
Islington, Ontario M9B 6E4, Canada
(416) 232-2000

Northern Telecom AG
Drahtzugstrasse 18
8008 Zurich, Switzerland

Northern Telecom (Asia) Limited
16th floor, Sun Hung Kai Centre
30 Harbour Road, Wanchai
Hong Kong
(852)5831-2888

Northern Telecom (Asia) Limited-ASEAN
2 Leng Kee Road #03-01
Thye Hong Centre, Singapore 0315
(65) 474-2255

Northern Telecom (CALA) Corporation
14701 N. W. 77th Avenue
Miami Lakes, Florida 33014
(305) 558-4858

Northern Telecom Canada Limited
2920 Matheson Boulevard East
Mississauga, Ontario L4W 4M7, Canada
(416) 238-7000

Northern Telecom Electronics Ltd.
3 Robert Speck Parkway
Mississauga, Ontario L4Z 3C8, Canada
(416) 897-9000

Northern Telecom Finance Corporation
Northern Telecom Plaza
220 Athens Way
Nashville, Tennessee 37228-1399
(615) 734-5200

Northern Telecom Inc.
Northern Telecom Plaza
220 Athens Way
Nashville, Tennessee 37228-1803
(615) 734-4000

Northern Telecom Industries Sdn. Bhd.
Bayan Lepas
Free Trade Zone, Phase I
Penang, West Malaysia

NT Meridian S.A.
16 Place De l'Iris
Cedex 13
92082 Paris La Defense, France
33-1-4907-2424

Northern Telecom (Ireland) Limited
Mervue Industrial Estate
Galway, Republic of Ireland

Northern Telecom International Finance B.V.
Daalmeerstratt 4
2131 HC, Hoofddorp
Hoofddorp, The Netherlands

Northern Telecom Europe Limited
London W1X 5LB, England

Northern Telecom GmbH
Lyoner Strasse 30
6000 Frankfurt am Main 71, West Germany

Northern Telecom Japan Inc.
Oak Minami Azabu Building
19-23 Minami Azabu
3-chome, Minato-ku, Tokyo 106, Japan

Transfer Agent(s):

Corporate Offices
800 Square Victoria, Suite 250
Montreal, Quebec H4Z 1A2 Canada

Corporate Offices
483 Bay Street
Floor 2, South Tower
Toronto, Ontario M5G 2E1 Canada

Montreal Trust Company
Montreal, Halifax, Winnipeg, Toronto, Regina, Calgary & Vancouver, Canada

Manufacturers Hanover Trust Company
New York, New York

Continental Bank, National Association
Chicago, Illinois

The Royal Trust Company
London, England

Stock Exchange(s): Montreal, New York, Toronto, Vancouver, London (U.K.), Tokyo

Ticker Symbol: NT (New York); NTL (Montreal, Toronto, Vancouver).

Number of Employees:

1988	50,136	1985	46,549
1987	48,778	1984	46,993
1986	46,202		

Plant Footage:

1988	8,628,000 sq. ft.	1985	8,423,000
1987	8,743,000	1984	8,085,000
1986	8,619,000		

Sales & Earnings

	Revenues (000's)	Net Income (000's)
1988	$ 5,407,500	$ 183,200
1987	4,914,500	347,200
1986	4,439,500	313,200
1985	4,308,600	299,200
1984	3,403,400	255,800

	No. of Com. Shares +	Earn. per Share +
1988	238,432,000	$ 0.70
1987	236,444,000	1.39
1986	234,767,000	1.23
1985	236,024,000	1.18
1984	234,199,000	1.06

+ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.26	—	—
1987	0.23	—	
1986	0.20	—	—
1985	0.18	—	—
1984	0.16	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 2,430,800 †	$ 10.19
1987	2,333,300 †	9.87
1986	1,894,900 †	8.07
1985	1,614,600 †	6.84
1984	1,379,800	5.89

† After allowing for preferred stock at redemption value in U.S. $.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 5,407,500	$ 4,914,500
Cost of revenues	3,218,400	2,915,500
Expenses	1,798,800	1,525,700
Restruc. costs	200,000	—
Other income	(35,800)	(23,800)
Interest expense	67,400	33,700
Unrealized currency gains	(25,500)	(4,900)
Eq. in earn. of subsid.	(50,700)	(20,400)
Income before taxes	$ 234,900	$ 488,700
Income taxes	51,700	141,500
Net Income	$ 183,200	$ 347,200

* Included in Costs and Expenses, Depreciation and Amortization: $298,000,000 in 1988 and $267,100,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 79,200	$ 126,200
Accts. receiv., net	1,620,900	1,340,000
*Inventories	820,300	690,900
Prepaid expenses	38,800	24,000
Deferred inc. taxes	82,700	—
Current Assets	$ 2,641,900	$ 2,181,100
Long-term receiv.	713,700	544,900
Investments	1,034,000	1,008,100
#Fixed assets	1,480,600	1,263,300
Other assets	8,000	8,900
Total Assets	$ 5,878,200	$ 5,006,300

Liabilities
(000's)

	1988	1987
Short-term borrowings	$ 77,700	$ —
Notes payable	544,700	362,300
Long-term debt, curr.	157,800	87,800
Accts. payable & accruals	1,362,000	1,084,800
Income taxes	12,300	15,800
Deferred income taxes	—	27,000
Current Liabilities	$ 2,154,500	$ 1,577,700
Long-term debt	577,500	430,100
Minority interest	34,300	18,900
Deferred income	15,200	10,800
Adv. from cust.	72,300	91,600
Deferred inc. taxes	352,600	316,700
Redeem. pref. stock	167,700	153,900
+Preferred stock - Class A Series 4	73,300	73,300
+Common stock	858,900	801,900
Retained earnings	1,604,300	1,521,000
For. exch. adjust.	(32,400)	10,400
Total Liabilities & Shareholders' Equity	$ 5,878,200	$ 5,006,300

* At lower of cost (FIFO) and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	4.34	9.94
%Net Income to Revenues	3.39	7.06
%Net Income to Equity	7.32	14.43
Debt to Equity	0.54	0.37
Working Capital	$ 487,400,000	$ 603,400,000
Current Ratio	1.23	1.38
Shareholders' Equity	$ 2,504,100,000	$ 2,406,600,000

Northrop Corporation

1840 Century Park East
Century City
Los Angeles, California 90067-2199
(213) 553-6262

Officers: Thomas V. Jones, chairman of the board & chief executive officer; Frank W. Lynch, vice chairman; Kent Kresa, president & chief operating officer; John B. Campbell, sr v.p.-finance; Jaime Oaxaca, v.p.; Les Daly, sr. v.p.-public affairs; Stanley Ebner, sr. v.p.-government relations; William M. Elliott, sr. v.p. & general counsel; David N. Ferguson, sr. v.p.-electronics; Joseph T. Gallagher, sr. v.p.-programs; C. Robert Gates, sr. v.p.-international; Sheila M. Gibbons, v.p. & secretary; Robert G. Schlenzig, v.p. & gen. mgr.-Electronics Systems Division; John R. Rettberg, v.p. & treasurer; Willis J. Shaddix, v.p. & president, Northrop Worldwide Aircraft Services Inc.; Fred J. Manzella, sr. v.p.-business operations & practices; John R. Moore, v.p.; John J. Richardson, sr. v.p.-human resources; Wallace C. Solberg, v.p. & gen. mgr.-Defense Systems Division; Joseph Yamron, v.p. & gen. mgr.-Precision Products Division; Edward P. Smith, v.p. & gen. mgr.-B-2 Division; Stephen R. Smith, v.p. & gen. mgr.-Aircraft Division; Richard S. Taylor, v.p. & controller.

Directors: Thomas V. Jones, chairman; William F. Ballhaus*, Richard J. Flamson, III, Ivan A. Getting*, Earle M. Jorgensen, Tom Killefer*, O. Meredith Wilson*, Richard E. Horner, Charles W. Robinson, George T. Scharffenberger, Frank W. Lynch, Robert L. J. Long*, Howard P. Allen, Kent Kresa.

* Member of the Executive Committee

Divisions:

Aircraft Division
One Northrop Avenue
Hawthorne, California 90250
Aircraft research, development and manufacturing.

B-2 Division
8900 E. Washington Boulevard
Pico Rivera, California 90660-3737
Advanced systems research and development.

Defense Systems Division
600 Hicks Road
Rolling Meadows, Illinois 60008
Military electronic warfare systems.

Precision Products Division
100 Morse Street
Norwood, Massachusetts 02062
Gyroscopes, accelerometers, and inertial guidance and control systems.

Electronics Systems Division
2301 West 120th Street
Hawthorne, California 90251
Electronics research, development, and manufacturing.

Ventura Division
1515 Rancho Conejo Boulevard
Newbury Park, California 91320
Unmanned aircraft and aircraft sub-assemblies.

Northrop Research and Technology Center
One Research Park
Rancho Palos Verdes, California 90274
Advanced technology research programs.

Subsidiary:

Northrop Worldwide Aircraft Services, Inc.
21 Northwest 44th Street
Lawton, Oklahoma 73505
Aircraft maintenance and base support services.

Affiliated Companies:

Construcciones Aeronauticas, S.A. (casa) (13.3% owned)
Calle del Rey Francisco, 4, Apartado 193
Madrid 28008 Spain
Military and commercial aircraft development and manufacturing.

Electronica Basica, S.A. (5.2% owned)
Carretera Nal., 2 KM 577, 3 Esparraguera
Barcelona, Spain
Printed circuit boards.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: NOC

Number of Employees:

1988	44,600
1987	48,200
1986	46,800
1985	46,900
1984	41,500

Plant Footage:*

1988	20,400,000 sq. ft.
1987	20,300,000
1986	18,600,000
1985	17,100,000
1984	15,800,000

* Includes U.S. Government-owned facilities used by Northrop Corporation.

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 5,797,100	$ 104,200
1987	6,052,500	94,200
1986	5,608,400	41,200
1985	5,056,600	214,400
1984	3,687,800	166,900

	No. of Com. Shares #	Earn. per Share #
1988	47,000,000	$ 2.22
1987	46,800,000	2.01
1986	46,500,000	0.89
1985	46,300,000	4.63
1984	45,900,000	3.63

# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Aircraft	$ 4,649,800	$ 4,864,900
Electronics/ Communications	1,086,500	1,124,500
Services	175,300	192,400
Interseg. elim.	(115,900)	(120,300)
Total	$ 5,795,700	$ 6,061,500

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 1.20	—	—
1987	1.20	—	
1986	1.20	—	—
1985	1.20	—	—
1984	0.90	—	3-for-1

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 1,003,600,000	$ 21.35
1987	947,500,000	20.25
1986	898,700,000	19.33
1985	899,000,000	19.42
1984	724,800,000	15.79

+ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 5,797,100	$ 6,052,500
Cost of sales	5,257,600	5,357,700
Expenses	514,300	527,600
Interest income	(2,200)	(2,000)
Other income	(17,200)	(18,700)
Interest expense	98,500	50,500
Income (loss) bef. taxes	$ (53,900)	$ 137,400
Income taxes (credit)	(23,000)	43,200
Cum. effect of acct. change	(135,100)	—
Net Income	$ 104,200	$ 94,200

* Included in Costs and Expenses, Depreciation and Amortization: $240,800,000 in 1988 and $246,800,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash items	$ 3,600	$ 5,000
Accts. receiv., net	954,500	905,200
*Inventories	619,300	623,600
Prepaid expenses	37,200	32,900
Current Assets	$ 1,614,600	$ 1,566,700
#Fixed assets	1,496,100	1,497,300
Other assets	28,500	59,600
Total Assets	$ 3,139,200	$ 3,123,600

Liabilities
(000's)

	1988	1987
Notes payable	$ 446,000	$ 888,600
Accts. payable	461,100	365,400
Adv. on contracts	44,400	38,200
Accrued compensation	149,600	153,800
Income taxes	305,700	475,300
Other liabilities	87,600	132,100
Curr. Liabilities	$ 1,494,400	$ 2,053,400
Long-term obligations	577,600	31,400
Deferred inc. taxes	63,600	91,300
+Common stock	194,700	190,800
Retained earnings	825,600	777,800
Unvested employee restricted shares	(16,700)	(21,100)
Total Liabilities & Shareholders' Equity	$ 3,139,200	$ 3,123,600

* At lower of average cost or market.
# Less accumulated depreciation & amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.27
%Net Income to Sales	1.80	1.56
%Net Income to Equity	10.38	9.94
Debt to Equity	1.02	0.97
Working Capital	$ 120,200,000	—
Current Ratio	1.08	—
Shareholders' Equity	$ 1,003,600,000	$ 947,500,000

Nuclear Data, Inc.

3232 South Fairview Street
Santa Ana, California 92704
(714) 549-2204

Officers: Richard J. Sandberg, president and chief executive officer; C. Stewart Havens, v.p.-finance & secretary; Loren G. Pieper, v.p.; Albert E. Puhlman, Jr., v.p.; John B. Brashaw, treasurer.

Directors: Richard J. Sandberg, C. Stewart Havens, Gerald W. Gaughran, Albert E. Puhlman, Jr..

Areas of Work: Manufactures multilayer printed circuit boards.

Divisions and Subsidiaries:

Metropolitan Circuits Incorporated
Santa Ana, California 92626
Manufactures and markets printed circuit boards.

Transfer Agent(s):

LaSalle National Bank
135 South LaSalle Street
Chicago, Illinois 60603

Stock Exchange(s): American

Ticker Symbol: NDI

Number of Employees:

1989 .... N.A.   1988 650

Plant Footage:

1989 .... N.A.   1988 ... 125,500 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1989	$ 27,394,000	$ (4,701,000)
1988	29,454,000	(6,575,000)
1987	16,711,000	(10,237,000)
1986	25,822,000	(1,590,000)
1985	38,862,000	1,926,000

	No. of Com. Shares #	Earn. per Share #
1989	2,515,000	$ —
1988	2,188,000	—
1987	1,782,000	—
1986	1,856,000	—
1985	2,015,000	0.96

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1989	$ (4,076,000)	$ —
1988	586,000	0.27
1987	4,991,000	2.80
1986	15,552,000	8.38
1985	17,703,000	8.79

(Deficiency)
# Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	2/28/89	2/29/88
Net sales	$ 27,394,000	$ 29,454,000
Cost of sales	25,672,000	27,522,000
Expenses:		
Selling	830,000	941,000
Adm. & gen.	3,546,000	3,787,000
Interest expense	756,000	611,000
Loss - cont. oper.	$ (3,410,000)	$ (3,407,000)
Loss - discont. oper.	(1,291,000)	(3,168,000)
Net Loss	$ (4,701,000)	$ (6,575,000)

* Included in Costs and Expenses, Depreciation: $824,000 in 1989 and $834,000 in 1988.

Assets

As of	2/28/89	2/29/88
Accts. receiv., net	$ 4,382,000	$ 4,608,000
*Inventories	1,479,000	1,737,000
Prepaid expenses & sundry accts.	1,041,000	901,000
Net assets - discont. oper.	4,867,000	—
Current Assets	$ 11,769,000	$ 7,246,000
#Fixed assets	3,306,000	3,863,000
Other assets	1,513,000	1,527,000
Net assets - discont. oper.	—	5,764,000
Total Assets	$ 16,588,000	$ 18,400,000

Liabilities

Notes payable & long-term debt, curr.	$ 10,250,000	$ 9,642,000
Accts. payable	3,970,000	4,267,000
Accruals	2,908,000	1,830,000
Retained liab. - disc. oper.	1,376,000	—
Redeem. common stock	187,000	—
Curr. Liabilities	$ 18,691,000	$ 15,739,000
Long-term debt	695,000	100,000
Deferred pension liab.	464,000	516,000
Redeem. common stock	—	187,000
+Common stock	1,262,000	1,255,000
Add. paid-in capital	11,252,000	11,173,000
Treasury stock	(244,000)	(41,000)
Accumulated deficit	(16,318,000)	(11,617,000)
Deferred compensation	(28,000)	(184,000)
Total Liabilities & Shareholders' Equity	$ 16,588,000	$ 18,400,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

Sales to Inventories	18.52	16.96
Debt to Equity	—	16.62
Shareholders' Equity (Deficiency)	$ (4,076,000)	$ 586,000

Oak Industries Inc.

16510 Via Esprillo
Rancho Bernardo, California 92127
(619) 485-9300

Officers: E.L. McNeely, chairman of the board & chief exec. officer; John P. Edl, exec. v.p.-operations; Alan R. Steel, v.p.-finance & chief financial officer; Scott A. Larson, v.p.-human resources; S. James Miller, Jr., v.p., secretary & gen. counsel; Terry L. Plummer, asst. secretary & staff attorney.

Directors: E.L. McNeely, chairman; Franklin A. Cole, James F. Calvert, Bernard Schwartz, Roderick M. Hills, John V. Drum, William D. Eberle, Christopher H.B. Mills.

Areas of Work: Manufactures and markets controls and components for gas and electric appliances, low power rotary and other switches, and quartz oscillators and filters used in consumer, industrial and military products; produces communications equipment for use in cable television systems and satellite television systems.

Divisions and Subsidiaries:

Oak Switch Systems, Inc.
Crystal Lake, Illinois 60014
Lower power rotary, pushbutton, keyboard, membrane and lever switches.

McCoy Electronics Company
Mt. Holly Springs & Mercersberg, Pennsylvania 17065
High-frequency and low-frequency crystals, crystal filters and oscillators for communications equipment.

O/E/N India Limited (45% owned)
Cochin, Kerala, India
Assembles and markets switches and relays.

Harper-Wyman Company
Lisle, Illinois
Princeton, Illinois
Juarez, Mexico
Gas controls and components; electric range controls, gas grills.

Diamond H. Controls Ltd.
Volcan Road North
Norwich, NOR 85N
Norfolk, England
Thermostats; energy regulators; thermal switches; relays, time delay units and solenoids, rotary and toggle switches; snap-in devices, rotary, lever, moduline switches; indicator lights, electronic temperature and process controls.

Oak Communications Inc.
Rancho Bernardo, California
Manufactures converters, decoders, and other equipment used to receive cable television programs and encoding and decoding devices for satellite transmissions.

Oak Industries Taiwan Ltd.
Taipei, Taiwan, Republic of China
Manufactures pay-television decoders and cable television converters.

Croven Crystals Limited
Whitby, Ontario, Canada
Manufactures high-frequency quartz crystals.

Houston Electronics Corp.
Kane, Pennsylvania
Manufactures glass-to-metal seals and associated components.

Ovenaire-Audio-Carpenter
Charlottesville, Virginia
Manufactures oven-stabilized and temperature-compensated oscillators; crystal and component ovens; emergency and exit lights, and electronic megaphones.

Nordco, Inc.
Milwaukee, Wisconsin
Supplies the railroad transportation industry with equipment to maintain and repair railroad tracks and roadbeds.

Transfer Agent(s):

Bank of America
Los Angeles, California

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: OAK

Number of Employees:

1988	3,778	1985	5,286
1987	3,843	1984	8,489
1986	4,017		

Plant Footage:

1988	1,164,484 sq. ft.	1985	1,210,327
1987	1,382,147	1984	2,095,904
1986	1,194,349		

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 197,812,000	$ 12,864,000
1987	182,210,000	8,226,000
1986	151,745,000	60,243,000
1985	153,116,000	(37,576,000)
1984	183,116,000	(149,250,000)

	No. of Com. Shares #	Earn. per Share # †
1988	75,500,155	$ 0.17
1987	74,233,958	0.11
1986	59,420,211	1.01
1985	24,442,085	—
1984	16,356,657	—

(Loss)

+ Of continuing operations only.

† Including extraordinary gain of $8,964,000 ($0.15 per share) in 1986 and extraordinary loss of $466,000 ($0.01 per share) in 1987.

# Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 91,908,000	$ 1.22
1987	78,819,000	1.06
1986	59,813,000	1.01
1985	(70,133,000) †	—
1984	(59,183,000) †	—

(Deficiency)

† After allowing for preferred stock at redemption value of $25 per share for Series C.

‡ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 197,812	$ 182,210
Cost of sales	155,497	148,826
Expenses	38,398	40,051
Interest expense	5,849	5,428
Interest income	(2,255)	(1,750)
Other income	(9,788)	(16,839)
Inc. before taxes	$ 10,111	$ 6,494
Income taxes (credit)	(2,753)	797
Inc. - cont. oper.	$ 12,864	$ 5,697
Inc. - discont. oper.	—	1,436
Net Income	$ 12,864	$ 7,133
Extraord. loss	—	(466)
Cum. effect of acctng. change	—	1,559
Net Income & extraord. loss	$ 12,864	$ 8,226

* Included in Costs and Expenses, Depreciation and Amortization: $7,583,000 in 1988 and $7,314,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 29,926	$ 30,640
Receiv., net	32,826	25,865
*Inventories	53,442	52,502
Other curr. assets	4,189	1,387
Current Assets	$ 120,383	$ 110,394
#Fixed assets	34,393	42,745
Goodwill	19,485	22,059
Other assets	7,062	6,125
Total Assets	$ 181,323	$ 181,323

Liabilities

Long-term debt, curr.	$ 1,177	$ 180
Accts. payable	12,258	10,875
Accruals	25,919	37,509
Curr. Liabilities	$ 39,354	$ 48,564
Long-term debt	35,279	40,665
Deferred compensation & accrued pensions	11,853	11,064
Other liabilities	2,929	2,211
+Common stock	75,564	75,560
Add. paid-in capital	196,052	196,046
Retained earnings (deficit)	(182,706)	(195,570)
Cum. trans. adjust.	3,335	3,296
Other	(337)	(513)
Total Liabilities & Shareholders' Equity	$ 181,323	$ 181,323

* At lower of cost (FIFO) or market.

# Less accumulated depreciation.

+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.11	—
%Net Income to Sales	6.50	—
%Net Income to Equity	14.00	9.05
%Sales to Inventories	3.70	3.47
Debt to Equity	0.40	0.52
Working Capital	$ 81,029,000	$ 61,830,000
Current Ratio	3.06	2.27
Shareholders' Equity	$ 91,908,000	$ 78,819,000

OEA, Inc.

34501 East Quincy Avenue
P.O. Box 10488
Denver, Colorado 80210
(303) 693-1248

Officers: Ahmed D. Kafadar, chairman & chief executive officer; Charles B. Kafadar, president & chief operating officer; John E. Banko, sr. v.p. & treasurer; John M. Cuthbert, v.p.-engineering; Nuri Y. Olcer, v.p.-engineering mechanics.

Directors: Ahmed D. Kafadar, chairman; John E. Banko, Ralph A. L. Bogan, Jr., J. Robert Burnett. G. Ben Huber, Philip E. Johnson, Charles B. Kafadar, James G. Maynard, Lewis W. Watson.

Areas of Work: Designs, develops, tests, and manufactures propellant and explosive-actuated devices for aircraft personnel escape systems and space and missile applications. Other products and services include commercial Jet Cord, a linear-shaped charge used by demolition contractors, commercial aircraft egress systems, a neutron radiography inspection operation, inflatable systems, and glass-to-metal sealing.

Subsidiaries:

Explosive Technology, Inc.
P.O. Box KK
Fairfield, California 94533
(707) 422-1880

Aerotest Operations, Inc.
3455 Fostoria Way
San Ramon, California 94583
(415) 866-1212

Pyronetics Devices, Inc.
34501 E. Quincy Avenue
Denver, Colorado 80210
(303) 693-1411

Inflation Systems International, Inc.
34501 E. Quincy Avenue
Denver, Colorado 80210
(303) 699-7962

Glass Seal Corporation
34501 East Quincy Avenue
Denver, Colorado 80210
(303) 699-0914

Pyrospace (45% interest)
59, route de Verneuil
78130 Les Mureaux Cedex, France

Transfer Agent(s):

Bank of America National Trust and Savings Association
Denver, Colorado

Stock Exchange(s): American

Ticker Symbol: OEA

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 47,321,177	$ 6,610,598
1987	41,865,923	5,362,461
1986	41,023,205	5,340,858
1985	34,311,494	4,711,124
1984	33,383,525	5,176,915

	No. of Com. Share ‡	Earn. per Share ‡
1988	3,361,613	$ 1.97
1987	3,340,889	1.61
1986	3,327,062	1.61
1985	3,327,062	1.42
1984	3,327,062	1.56

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues by Line of Business

	1988	1987
Government contracting	$ 39,099,213	$ 37,089,217
Commercial	8,221,964	4,776,706
Total	$ 47,321,177	$ 41,865,923

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 52,937,506	$ 15.83
1987	47,085,352	13.92
1986	41,062,882	12.34
1985	35,722,024	10.74
1984	31,020,900	9.32

Income Account *

Year ended July 31	1988	1987
Net sales	$ 47,321,177	$ 41,865,923
Cost of sales	30,308,951	26,525,595
Expenses	7,214,768	6,201,880
Interest expense	66,477	31,534
Interest income	(273,111)	(480,257)
Eq. in earn. of joint vent.	(5,951)	—
Other expense (income)	83,716	(19,752)
Income before taxes	$ 9,926,327	$ 9,606,923
Income taxes	3,619,834	4,244,462
Cum. effect of acct. change	(304,105)	—
Net Income	$ 6,610,598	$ 5,362,461

* Included in Costs and Expenses, Depeciation and Amortization: $1,548,571 in 1988 and $1,166,021 in 1987.

Assets

As of July 31	1988	1987
Cash	$ 321,954	$ 156,239
Marketable securities	661,575	7,351,526
Accts. receiv., net.	17,972,507	13,817,936
Unbilled costs on contracts in progress	7,358,543	8,939,989
*Inventories	21,993,091	12,486,823
Prepaid expenses	162,503	383,094
Current Assets	$ 48,470,173	$ 43,135,607
#Fixed assets	11,891,704	8,178,853
Deferred contract costs	1,232,678	1,567,906
Cash value of life insur.	445,424	406,851
Other assets	2,247,025	1,114,370
Total Assets	$ 64,287,004	$ 54,403,587

Liabilities

	1988	1987
Accts. payable	$ 3,537,108	$ 1,532,855
Accrued payroll	2,013,195	1,761,869
Accrued profit-sharing	880,209	591,700
Other accruals	348,137	355,167
Bank borrowings	500,000	—
Deferred income taxes	2,406,920	1,637,222
Curr. Liabilities	$ 9,685,569	$ 5,878,813
Notes payable to insur. cos.	261,729	270,460
Cap. lease oblig.	173,248	—
Deferred comp.	319,189	314,745
Deferred inc. taxes	909,763	854,217
+Common stock	366,995	366,995
Add. paid-in capital	12,154,024	12,154,024
Retained earnings	42,054,311	35,443,713
Treasury stock	(1,637,824)	(879,380)
Total Liabilities & Shareholders' Equity	$ 64,287,004	$ 54,403,587

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	20.98	22.95
%Net Income to Sales	13.97	12.81
%Net Income to Equity	12.49	11.39
Sales to Inventories	2.15	3.35
Working Capital	$ 38,784,604	$ 37,189,663
Current Ratio	5.00	7.25
Shareholders' Equity	$ 52,937,506	$ 47,085,352

The Ohmart Corporation

4241 Allendorf Drive
P.O. Box 9026
Cincinnati, Ohio 45209
(513) 272-0131

Officers: Carl K. Gieringer, chairman of the board & president; Thomas E. Dewey, executive vice president; Dan Jahns, v.p.; Paul Sieck, v.p.-manufacturing; James Cartwright, v.p.-sales; Syndor I. Davis, assistant secretary; Wm. G. Dorna, secretary & treasurer.

Directors: Nicholas Bauer, Carl F. Evert, Carl K. Gieringer, C. Ross Whiting, Lewis M. Crowe, Estelle Gieringer, Edward C. Pandorf, Thomas E. Dewey.

Areas of Work: Produces beta thickness gauges, conveyor scales, nuclear and electronic measuring devices used in process control.

Divisions and Subsidiaries:

WeighART Division

WebART Division

Instruments Division

Transfer Agent(s):

The Fifth Third Bank
Fifth Third Center
Cincinnati, Ohio 45263

Stock Exchange(s): Over-the-Counter

Sales & Earnings

	Net Sales	Net Income
1988	$ 10,197,879	$ 661,303
1987	7,551,880	15,695
1986	8,592,940	242,416
1985	8,472,523	209,525
1984	8,377,473	391,189

	No. of Com. Shares	Earn. per Share
1988	123,238	$ 5.37
1987	123,238	0.13
1986	123,238	1.97
1985	123,238	1.70
1984	123,238	3.17

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.75	—	—
1987	0.50	—	
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 5,448,755	$ 44.21
1987	4,879,881	39.60
1986	4,925,805	39.97
1985	4,745,008	38.50
1984	4,597,102	37.30

Income Account*

Year ended Nov. 30	1988	1987
Net sales	$ 10,197,879	$ 7,551,880
Other income	268,468	254,496
Total income	$ 10,466,347	$ 7,806,376
Cost of sales	4,707,370	3,704,412
Expenses	4,736,260	4,067,056
Interest expense	12,414	20,213
Income before taxes	$ 1,010,303	$ 14,695
Income taxes (credit)	349,000	(1,000)
Net Income	$ 661,303	$ 15,695

* Included in Costs and Expenses, Depreciation and Amortization: $171,482 in 1988 and $161,961 in 1987.

Assets

As of Nov. 30	1988	1987
Cash & temporary cash investments	$ 1,339,159	$ 1,332,078
Marketable secur.	1,050,721	850,432
Accts. receiv., net	2,268,424	1,485,028
*Inventories	1,223,120	1,240,851
Prepaid expenses	11,195	13,749
Prepaid income taxes	—	22,000
Deferred inc. taxes	150,000	129,000
Current Assets	$ 6,042,619	$ 5,073,138
#Fixed assets	1,247,764	1,179,681
Other assets	8,981	10,700
Total Assets	$ 7,299,364	$ 6,263,519

Liabilities

	1988	1987
Long-term debt, curr.	$ 65,000	$ 67,082
Accts. payable	238,496	226,928
Accruals	818,953	595,716
Advance payments	187,664	258,912
Income taxes	322,496	—
Curr. Liabilities	$ 1,632,609	$ 1,148,638
Long-term debt	35,000	100,000
Deferred taxes	183,000	135,000
+ Common stock	146,568	146,568
Add. paid-in capital	283,574	283,574
Retained earnings	5,018,613	4,449,739
Total Liabilities & Shareholders' Equity	$ 7,299,364	$ 6,263,519

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

	1988	1987
% Income bef. Taxes to Sales	9.91	0.19
% Net Income to Sales	6.48	0.21
% Net Income to Equity	12.14	0.32
Sales to Inventories	8.34	6.09
Debt to Equity	0.02	0.03
Working Capital	$ 4,410,010	$ 3,924,500
Current Ratio	3.70	4.42
Shareholders' Equity	$ 5,448,755	$ 4,879,881

Oki Electric Industry Company, Limited

7-12 Toranomon 1-chome
Minato-ku, Tokyo 105, Japan
(03) 501-3111

Officers: Namio Hashimoto, chairman of the board; Nobumitsu Kosugi, president & chief executive officer; Yoshio Masuda, exec. v.p.; Chikatomo Mitsuyasu, exec. v.p.; Jun Jinguji, senior managing director; Masao Nogami, senior managing director; Akinori Watanabe, managing director; Shiko Sawamura, managing director; Masatoshi Yokoo, managing director; Shigehisa Nakaya, managing director; Mitsuhiro Kondo, managing director; Minoru Imai, managing director; Susumu Ichinose, director; Haroaki Atagi, director; Tadao Higashi, director; Chihiro Suzuki, director; Hiromu Tanimoto, director; Masataka Yamamoto, director; Osamu Yoda, director; Tsuneo Kigoshi, director; Sumio Ishii, director; Yasunori Nishizawa, director; Masahiro Harimoto, director; Haruo Negishi, director; Ikuo Anada, director.

Areas of Work: In the area of Telecommunications Systems, the Company produces switching systems, including central office exchanges, PBX systems, Telex and data exchanges; transmission systems, including VHF/UHF/SHF/EHF radio equipment, multiplex carrier equipment, modems, TV converters, fiber-optic communications systems, radio and TV broadcasting equipment, facsimile transceivers, satellite communications equipment, copyboards, videotex systems, local area networks, teleconferencing systems, IC-card systems, and telephone-equipped personal computers; and telephone sets, including cellular mobile telephones, push-button telephones, key telephone systems, and telewriting terminals.

Areas of Work: In the area of Information Processing Systems, the Company produces information processing equipment, including personal computers, banking systems, medical electronics systems, point-of-sale systems, computer peripherals, minicomputers, teleprinters and text communications terminals; and telemetry and telecontrol systems, including water resource control systems, intelligent building systems, seismometric and disaster-prevention systems, underwater acoustic sensors, and radar systems.

In the area of Electronic Devices, the Company produces VLSI memories, microprocessors, communications LSIs, printed circuit boards, plasma display panel units, optoelectronic devices, gate-array devices, application-specific ICs, and reed relays and switches.

Electronic Subsidiaries and Affiliates (Japan)

Telecommunications and Electronic Equipment:

Tohoku Oki Electric Co., Ltd.
Data communications equipment.

Nagano Oki Electric Co., Ltd.
Computers, remote terminals, assembly of printed circuit boards.

Taiko Electic Works, Ltd.
PBX and key telephone systems.

Nikko Denki Seisakusho Co., Ltd.
Switchboards, terminal blocks, distribution boxes, exchange parts.

Kuwano Electrical Instruments Co., Ltd.
Measuring instruments.

Toho Electronics Co., Ltd.
Transmission equipment and parts.

Shizuoka Oki Electric Co., Ltd.
Telecommunications equipment, control equipment, measuring equipment, acoustic equipment.

Telecommunications and Electronic Components:

Oki Ceramic Industry Co., Ltd.
Tantalum electrolytic capacitors, hybrid integrated circuits, ceramic parts.

Kinseki, Ltd.
Quartz crystals, crystal filters, crystal oscillators, ultrasonic glass delay lines, synthetic quartz.

Yamako Electric Manufacture Co., Ltd.
Fuse panels and steel structures for exchanges.

Mikuni Industry Co., Ltd.
Plastic moldings.

Waratoku Steel Co., Ltd.
Magnetic core and special steel products.

Oki Electric Cable Co., Ltd.
Cables, wires, connectors, printed circuit boards.

Miyazaki Oki Electric Co., Ltd.
LSIs, VLSIs.

Miyagi Oki Electric Co., Ltd.
LSIs, VLSIs.

Niigata Oki Electric Co., Ltd.
Printed circuit boards.

OF Engineering Co., Ltd.
Sensors.

Electronic Computers:

Oki Univac Kaisha, Ltd.
Electronic computer systems.

Subsidiaries and Affiliates (outside Japan):

Oki America, Inc.
One University Plaza
Hackensack, New Jersey 07601 U.S.A.
(201) 646-0011

New York Office
19th Floor, 575 Fifth Avenue
New York, New York 10017 U.S.A.
(212) 972-8410
(212) 972-8411

Okidata Group
(Division of Oki America, Inc.)
532 Fellowship Road
Mt. Laurel, New Jersey 08054 U.S.A.
(609) 235-2600

Oki Telecom Group
(Division of Oki America, Inc.)
4366 Shackelford Road
Norcross, Georgia 30093 U.S.A.
(404) 925-0027

Oki Semiconductor Group
(Division of Oki America, Inc.)
785 North Mary Avenue
Sunnyvale, California 94086 U.S.A.
(408) 720-1900

Oki Electric Europe GmbH
Hellersbergstrabe 2
4040, Neuss, West Germany
02101-15960

Okidata GmbH
Hansa Allee 187
4000 Dusseldorf 11, West Germany
(0211)597-94-0

Far Eastern Electric Industry Co., Ltd.
10th Floor, International Building
6 Tung Hwa North Road
Taipei, Taiwan
(02) 751-2345

Digiphonic Systems Pte. Ltd.
70 Bendemeer Road, #06-01
Hiap Huat House, Singapore 1233
297-1511

Oki Electronics (Hong Kong) Ltd.
16th Floor, Fairmont House
8 Cotton Tree Drive
Hong Kong
(5) 263-111

Singapore Branch
75 Bukit Timah Road, #05-14/15/16
Boon Siew Building
Singapore 0922
336-1183

Taipei Branch
4th Floor, Artist Construction
Building No. 687, Minshen East Road
Taipei, Taiwan
(02) 716-2216

Oki (UK) Ltd.
3 Castlecary Road
Wardpark North
Cumbernauld, Scotland G68 0BN, U.K.
(0236) 72-7777

Oki Europe Ltd.
Ground Floor North 3, Shortlands
Hammersmith International Centre
London W6, England
(01) 741-2324

Stock Exchange(s): Tokyo

Number of Employees:

1988	18,659
1987	19,375
1986	18,649
1985	18,134
1984	17,027

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	¥ 451,354,000	¥ 3,494,000
1987	407,415,000	2,212,000
1986	392,608,000	(967,000)
1985	417,519,000	9,160,000
1984	345,375,000	9,239,000

	No. of Com. Shares	Earn. per Share ‡
1988	519,475,732	¥ 6.82
1987	500,902,614	4.46
1986	480,347,869	—
1985	N.A.	20.22

(Loss)
¥ - Yen
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.
NOTE: Due to rounding, income statement and balance sheet may not add up correctly.

Revenues By Line of Business
(000's)

	1988	1987
Telecommunications syst.	¥ 135,061,000	¥ 112,023,000
Information processing syst.	202,451,000	194,280,000
Electronic devices	94,700,000	84,804,000
Other	19,141,000	16,308,000
Total	¥ 451,354,000	¥ 407,415,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	¥ 6.00	—	—
1987	3.00	—	
1986	6.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	¥ 118,795,000	¥ 228.68
1987	103,177,000	205.98
1986	88,165,000	183.54
1985	75,381,000	—
1984	63,950,000	—

Income Account *
(millions)

Year ended March 31	1988	1987
Net sales	¥ 451,354	¥ 407,415
Cost of sales	331,583	315,291
Expenses	98,065	88,598
Interest expense	11,090	12,086
Interest income	(3,109)	(3,304)
For. exch. loss	5,031	3,809
Gain from sale of secur.	(4,786)	(15,438)
Other expenses	3,000	2,333
Income before taxes	¥ 10,479	¥ 4,037
Income taxes	7,577	1,667
Minority interests	13	187
Eq. in earn. of affil.	(606)	(30)
Net Income	¥ 3,494	¥ 2,212

* Included in Costs and Expenses, Depreciation and Amortization: ¥ 30,366,000,000 in 1988 and ¥ 31,792,000,000 in 1987.

Assets
(millions)

As of March 31		1988		1987
Cash & time deposits	¥	87,524	¥	88,138
Marketable securities		27,636		11,491
Accts. receiv., net		118,916		124,631
*Inventories		109,334		106,420
Other curr. assets		4,981		5,863
Current Assets	¥	348,393	¥	336,548
Investments		31,375		26,426
#Fixed assets		105,175		104,609
Other assets		22,450		17,120
Translation adjust.		5,433		6,520
Total Assets	¥	512,827	¥	491,224

Liabilities
(millions)

Short-term bank loan	¥	160,664	¥	151,484
Long-term debt, curr.		14,444		12,605
Accts. payable		83,833		75,197
Accruals		24,708		22,956
Income taxes		6,073		844
Other current liabilities		5,391		3,838
Curr. Liabilities	¥	295,116	¥	266,928
Long-term debt		87,992		104,735
Liab. of severance indemnities		10,743		10,640
Minority interest		178		5,742
+ Common stock		43,526		38,312
Add. paid-in capital		46,861		40,016
Legal reserve		3,861		3,573
Special reserves		6,886		8,795
Retained earnings		17,675		12,534
Treasury stock		(14)		(54)
Total Liabilities & Shareholders' Equity	¥	512,827	¥	491,224

* At specific identification cost.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

% Income bef. taxes to Sales	2.32	0.99
% Net Income to Sales	0.77	0.54
% Net Income to Equity	2.94	2.14
Sales to Inventories	4.13	3.83
Debt to Equity	2.21	2.61
Working Capital (000's)	¥ 53,277,000	¥ 69,620,000
Current Ratio	1.18	1.26
Shareholders' Equity (000's)	¥ 118,795,000	¥ 103,177,000

Olivetti

(Ing. C. Olivetti & C., S.p.A.)

Via G. Jervis, 77
Ivrea 10015 Italy

Directors: Bruno Visentini, honorary chairman; Carlo De Benedetti, chairman & chief executive officer; Franco De Benedetti, managing director; Robert E. Allen, Luigi Arcuti, Paolo Baratta, Giuseppe Bisconti, Francois De Laage De Meux, Ettore Ferrero, Emilio Fossati, John A. Hinds, Vittorio Levi, Maria Luisa Lizier Galardi, Luigi Lucchini, Horst Munzner, Elserino Piol, Alberto Predieri, Enrico Recchi, John Segall, Randall L. Tobias, Guido Roberto Vitale, Jacopo Vittorelli, Sam R. Willcoxon.

Areas of Work: The Company manufactures electronic typewriters, videotaping systems, copiers, calculators and cash registers, personal computers, minicomputers, display, point-of-sale and baking automation terminals, computer peripherals including printers and hard-disk drives; telecommunications equipment, including teleprinters and telex automation modules and facsimile terminals; information technology modules, printed circuit boards; industrial, elastomeric and rubber and silicone components; liquid crystal displays, printed circuit and assembled electronic board test equipment; ticker reservation, betting and bank current account management systems; control units for numerical control equipment; security systems, timeclock and access control systems, motorway and carpark systems, office furniture and fittings, thermoplastic and thermosetting resin moulding, and provides computer software and services.

Subsidiaries (Italy):

DISTRIBUTED DATA PROCESSING AND OFFICE AUTOMATION:

Olivetti Peripheral Equipment, S.p.A.
Ivrea, Italy

Olteco-Olivetti Telecommunicazioni, S.p.A.
Ivrea, Italy

SOAB-Sistemi Olivetti per l'Automazione Bancaria, S.p.A.
Ivrea, Italy

Mael Computer, S.p.A.
Carsoli, Italy

Hermes Italia, S.p.A.
Roma, Italy

Olivetti Prodest, S.p.A.
Milano, Italy

OFFICE PRODUCTS:

Olivetti Synthesis, S.p.A.
Massa, Italy

Baltea, S.p.A.
Leini, Italy

Teknecomp, S.p.A.

Eleprint, S.A.
Ivrea, Italy

Tecsinter, S.p.A.
Ivrea, Italy

Manifattura Velle dell'Orco, S.p.A.
Sparone Canavese, Italy

Societa Generale Elastomeri-S.G.E., p.A.
S. Olcese, Italy

EINGINEERING, SOFTWARE AND SERVICES:

Syntax, S.p.A.
Milano, Italy

Software Sistemi, S.p.A.
Bari, Italy

Sixcom, S.p.A.
Milano, Italy

Radiocor, S.r.l.
Milano, Italy

Elea, S.p.A.
Burolo, Italy

Tecnost, S.p.A.
Ivrea, Italy

INDUSTRIAL AUTOMATION AND TOOLING:

OCN-PPL, S.p.A.
Marcianise, Italy

OSAI A-B, S.p.A.
S. Bernardo d'Ivrea, Italy

SALES SUBSIDIARIES (U.S.A.):

Olivetti USA Inc.
Irving, California

Bunker Ramo Corp.
Shelton, Connecticut

Triumph-Adler Royal Inc.
Mountainside, California

Olivetti Supplies Inc.
Harrisburg, Pennsylvania

Stock Exchange(s): Milan, Italy

Number of Employees:

1986	59,091
1985	48,944
1984	47,613
1983	47,800
1982	49,763

Sales & Earnings

		Net Sales (millions)		Net Income (millions)
1986	L.	7,316,900	L.	565,500
1985		6,140,500		503,700
1984		4,578,000		356,000
1983		3,736,200		295,300
1982		3,341,400		102,800

	No. of Com. Shares		Earn. per Share
1986	429,230,000	L.	1,097
1985	378,947,000		1,023

L. - Lire.

Revenues By Line of Business
(millions)

		1986		1985
Products & software	L.	5,432,200	L.	4,508,200
Customer engineering		950,000		816,200
Supplies, spares & other revenues		934,700		816,100
Total	L.	7,316,900	L.	6,140,500

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986 340	L.	—	—
1985 320		—	

Shareholders' Equity

		Total Equity (millions)		Equity Per Share
1986	L.	3,153,700	L.	7,347
1985		2,279,700		6,016
1984		1,958,300		—
1983		1,202,100		—
1982		954,800		—

Income Account *
(millions)

Year ended Dec. 31		1986		1985
Net revenues	L.	7,316,921	L.	6,140,463
Cost of sales		4,444,949		3,601,304
Selling, gen. & adm. expenses		2,020,750		1,615,040
Res. & develop. expenses		391,234		284,048
Interest expense (income)		(652)		98,672
Loss (gain) on for. curr. trans.		(35,009)		18,479
Research contributions		(54,177)		(77,316)
Other expense (income)		(166,332)		68,742
Earn. of non-consol. cos.		(4,292)		(6,178)
Income before taxes	L.	720,450	L.	537,672
Income taxes		234,301		96,452
Minority interests		(79,380)		(62,450)
Net Income	L.	565,529	L.	503,670

* Included in Costs and Expenses, Depreciation and Amortization: L.297,426,000,000 in 1986 and L.271,479,000,000 in 1985.

Assets
(millions)

As of Dec. 31	1986	1985
Cash	L. 352,427	L. 378,276
Marketable securities	3,301,371	1,748,673
Accts. receiv., net	2,962,045	2,248,357
*Inventories	1,483,285	1,115,316
Prepaid expenses	285,827	142,068
Current Assets	L. 8,384,955	L. 5,632,690
Investments	164,125	166,651
Guarantee deposits	81,438	60,071
Long-term receiv.	2,531	75,933
Deferred inc. taxes	6,328	—
#Fixed assets	1,294,165	1,104,764
#Leased products	48,240	59,565
Defer. charges	36,310	25,213
Total Assets	L. 10,018,092	L. 7,124,887

Liabilities
(millions)

Bank overdrafts	L. 697,221	L. 669,480
Sav. deposits of empl.	13,792	14,895
Long-term debt, curr.	269,331	219,248
Accts. payable	1,345,487	882,642
Advances from customers	32,316	52,040
Other payables	363,267	319,078
Income taxes	218,934	79,623
Accruals & other liabilities	797,413	589,977
Curr. Liabilities	L. 3,737,761	L. 2,826,983
Long-term debt	2,268,631	1,489,274
Minority interest	178,797	65,717
Deferred inc. taxes	—	11,909
Reserve for pension liab.	679,252	451,291
+Preferred stock	23,784	23,784
+Common stock	429,230	378,947
+Savings shares	94,365	91,706
Add. paid-in capital	965,986	474,238
Revaluation reserves	422,583	422,747
Retained earnings	691,180	397,227
Translation adjustments	(33,042)	(5,589)
Treasury stock	(5,964)	(7,017)
Net income for the year	565,529	503,670
Total Liabilities & Shareholders' Equity	L. 10,018,092	L. 7,124,887

* At lower of cost or market.
# Less accumulated depreciation.
+ L.1,000 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.85	8.76
%Net Income to Sales	7.73	8.20
%Net Income to Equity	17.93	22.09
Sales to Inventories	4.93	5.51
Debt to Equity	0.80	0.75
Working Capital (millions)	L. 4,647,194	L. 2,805,707
Current Ratio	2.24	1.99
Shareholders' Equity (millions)	L. 3,153,651	L. 2,279,713

Optical Radiation Corporation

1300 Optical Drive
Azusa, California 91702
(818) 969-3344

Officers: Richard D. Wood, chairman of the board & president; John N. Wilkinson, sr. v.p.-corp. development & secretary; Gregg Whitaker, sr. v.p.-Ophthalmic Surgical Products Division; Gary N. Patten, v.p.-finance & treasurer; Philip J. Englund, v.p.-legal; R. Richard Geatty, group v.p.-Scientific/Industrial Group; William T. Sullivan, group v.p.-Consumer Optical Group.

Directors: Richard D. Wood, chairman; John N. Wilkinson, Louis W. Biegler, Vernon H. Blackman, Roland Seidler, Jr., Frank D. Wood.

Areas of Work: Designs and manufacturers a wide variety of precision optical components and optical systems for medical, industrial, and scientific applications. Products include ophthalmic lenses, optical projection systems, automatic optical inspection systems, high-intensity light sources, photo exposure systems and precision metal optics.

Divisions and Subsidiaries:

Omega Optical Co., Inc.
Precision Optics, Inc.
Milroy Optical Co., Inc.
Keratometrix, Inc.
Theater and Audio-Visual Division
Electroforming Division
IC100 Division
Electronic Products Division
Lamp Division
Opthalmic Surgical Products Division
Orcolite Division

Acquisition:

Visionetics Corporation
Brookfield Center, Connecticut
Designs and manufactures automatic optical inspection equipment for the printed circuit board industry.

Transfer Agent(s):

Security Pacific National Bank
P.O. Box 60228
Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ORCO (NASDAQ)

Number of Employees:

1988	1,500	1985	1,565
1987	1,497	1984	585
1986	1,404		

Plant Footage:

1988	493,000 sq. ft.	1985	504,000
1987	466,000	1984	161,000
1986	478,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 101,492,000	$ 8,588,000
1987	100,658,000	9,127,000
1986	95,637,000	8,346,000
1985	96,505,000	12,476,000
1984	48,260,000	7,850,000

	No. of Com. Shares #	Earn. per Share #
1988	7,606,000	$ 1.13
1987	8,229,000	1.11
1986	8,284,000	1.01
1985	8,330,000	1.50
1984	7,496,000	1.05

# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 88,110,000	$ 12.51
1987	93,069,000	11.68
1986	88,141,000	10.77
1985	77,819,000	9.83
1984	41,399,000	5.86

Income Account

Year ended July 31	1988	1987
Net sales	$ 101,492,000	$ 100,658,000
Cost of sales	54,912,000	57,412,000
Expenses	37,274,000	34,366,000
Interest income	(2,440,000)	(2,672,000)
Interest expense	850,000	871,000
Other expenses	149,000	655,000
Income before taxes	$ 10,747,000	$ 10,026,000
Income taxes	2,159,000	899,000
Net Income	$ 8,588,000	$ 9,127,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,262,000 in 1988 and $3,976,000 in 1987.

Assets

As at July 31	1988	1987
Cash & short-term invest.	$ 20,167,000	$ 33,584,000
Accts. receiv., net	16,346,000	15,906,000
*Inventories	24,594,000	18,442,000
Refund. income taxes	256,000	2,258,000
Prepaid deferred taxes	2,620,000	—
Other curr. assets	1,057,000	1,537,000
Current Assets	$ 65,040,000	$ 71,727,000
#Fixed assets	36,323,000	31,985,000
Other assets	10,774,000	9,150,000
Goodwill	10,272,000	10,556,000
Total Assets	$ 122,409,000	$ 123,418,000

Liabilities

Long-term debt, curr.	$ 463,000	$ 617,000
Accts. payable	4,266,000	3,530,000
Accrued payroll	3,962,000	4,177,000
Other accruals	4,778,000	3,716,000
Income taxes payable	5,086,000	5,583,000
Curr. Liabilities	$ 18,555,000	$ 17,623,000
Deferred income taxes	5,401,000	3,219,000
Long-term debt	10,343,000	9,507,000
+ Common stock	3,521,000	3,985,000
Add. paid-in capital	27,530,000	40,646,000
Retained earnings	56,944,000	48,356,000
For curr. trans. adjust.	115,000	82,000
Total Liabilities & Shareholders' Equity	$ 122,409,000	$ 123,418,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. taxes to Sales	10.59	9.96
%Net Income to Sales	8.46	9.07
%Net Income to Equity	9.75	9.81
Sales to Inventories	4.13	5.46
Debt to Equity	0.12	0.11
Working Capital	$ 46,485,000	$ 54,104,000
Current Ratio	3.51	4.07
Shareholder's Equity	$ 88,110,000	$ 93,069,000

Orbit Instrument Corporation

80 Cabot Court
Hauppauge, New York 11788
(516) 435-8300

Officers: Max Reissman, chairman & president; Mitchell Binder, v.p.-finance, treasurer & asst. secretary; Dennis Sunshine, v.p.-operations & secretary; Bruce Reissman, v.p.-marketing.

Directors: Max Reissman, chairman of the board; Mitchell Binder, Dennis Sunshine, Edward W. Easton, Barry Silverman.

Orbit Instrument Corporation

Areas of Work: Designs, manufactures and markets high-quality electrical components and subsystems for use in military, air traffic control and console applications; state-of-the-art semiconductors on a firm order basis to the quick-turnaround and high-reliability markets; computer-controlled speech response systems for business and industry; and an array of licensed activewear.

Subsidiaries:

Orbit Semiconductor, Inc. (80%-owned)
1230 Bordeaux Drive
Sunnyvale, California 94089
(408) 744-1800
Manufacture of customized semiconductor chips.

Orbit Instrument of California, Inc.
6431 Global Drive
Cypress, California 90630
(714) 527-0561

Computer Integration Associates, Inc.
123 White Oak Lane
Old Bridge, New Jersey 08857
(201) 679-9500
Develops and markets a family of speech response products, as well as custom UNIX-based applications. Products include an automated attendant, a voice messaging facility, telephone data input, a geographic locator service, and an outbound dialer service which delivers customized messages.

U.S.A. Classic, Inc.
350 Fifth Avenue
New York, New York 10118
(212) 564-8833
Manufactures men's and boys' clothing under the Everlast trademark.

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ORBT (NASDAQ)

Number of Employees:

1988	N.A.	1986	296
1987	312	1985	199

Plant Footage:

1988	N.A.	1986	69,500
1987	69,500 sq. ft.	1985	61,000

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 41,808,000	$ 4,165,000
1987	38,943,000	3,686,000
1986	31,147,000	6,631,000
1985	20,009,400	4,231,400
1984	16,172,500	4,056,900

	No. of Com. Shares	Earn. per Share ‡
1988	9,521,000	$ 0.44
1987	8,998,000	0.40
1986	8,838,000	0.76
1985	7,925,386	0.51
1984	7,603,798	0.51

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 57,946,000	$ 6.09
1987	50,926,000	5.66
1986	45,046,000	5.10
1985	35,345,400	9.00
1984	30,354,200	3.99

Income Account*

Year ended June 30	1988	1987
Net sales	$ 41,808,000	$ 38,943,000
Cost of sales	29,301,000	29,003,000
Expenses	7,410,000	4,035,000
Interest expense	995,000	695,000
Invest. income	(573,000)	(868,000)
Income before taxes	$ 4,675,000	$ 6,078,000
Income taxes	910,000	2,392,000
Cum. effect of change in accntng. meth.	(400,000)	—
Net Income	$ 4,165,000	$ 3,686,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,667,000 in 1988 and $2,307,000 in 1987.

Assets

As of June 30	1988	1987
Cash & cash equiv.	$ 2,634,000	$ 5,166,000
Marketable securities	18,866,000	14,474,000
Accts. receiv., net	10,165,000	8,010,000
*Inventories	23,926,000	19,108,000
Prepaid taxes	1,532,000	3,720,000
Deferred tax benefit	2,582,000	—
Other curr. assets	355,000	276,000
Current Assets	$ 60,060,000	$ 50,754,000
#Fixed assets	13,049,000	8,546,000
Intangibles	2,565,000	344,000
Other assets	1,227,000	454,000
Total Assets	$ 76,901,000	$ 60,098,000

Liabilities

Long-term debt, curr.	$ 2,529,000	$ 2,019,000
Bank loan	980,000	—
Accts. payable	3,766,000	1,246,000
Accruals	1,844,000	1,044,000
Cust. advances	2,230,000	478,000
Curr. Liabilities	$ 11,349,000	$ 4,787,000
Long-term debt	7,162,000	3,827,000
Deferred inc. taxes	444,000	237,000
Minority interest	—	321,000
+Common stock	1,050,000	998,000
Add. paid-in capital	27,839,000	25,330,000
Retained earnings	32,037,000	27,872,000
Treasury stock	(919,000)	(919,000)
Compensatory stock	(2,061,000)	(2,355,000)
Total Liabilities & Shareholders' Equity	$ 76,901,000	$ 60,098,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.18	15.61
%Net Income to Sales	9.96	9.47
%Net Income to Equity	7.19	7.24
Sales to Inventories	1.75	2.04
Debt to Equity	0.18	0.11
Working Capital	$ 48,711,000	$ 45,967,000
Current Ratio	5.29	10.60
Shareholders' Equity	$ 57,946,000	$ 50,926,000

Orion Research Incorporated

(Acquired by Warburg, Pincus Capital Co., L.P., on December 29, 1988.)

The Schrafft Center
529 Main Street
Boston, Massachusetts 02129
(617) 242-3900

Officers: Alexander Jenkins, III, president and chief exec. officer; Thomas R. Weschler, exec. v.p. & chief operating officer; Albert Diggens, sr. v.p.; James W. Ross, Jr., v.p.-research; Robert E. Kinney, treasurer & chief financial officer; H. Kenneth Fish, clerk; Susan F. Stewart, v.p.-legal & asst. clerk.

Directors: Richard D. Condon, chairman; James W. Ross, Jr., Alexander Jenkins, III, Louis B. Barnes, David A. Hatch, Robert B. Schmidt, William J. Kennedy, Raymond W. Strohm.

Areas of Work: Manufactures specific ion electrodes, digital and analog pH meters and specific ion meters, and related electronic instruments used to analyze chemical solutions and to display and record the resulting data.

Subsidiaries:

Orion Research Puerto Rico, Inc.
Rio Piedras, Puerto Rico
Manufacturer of chemical sensors (electrodes) and related products.

Orion Research AG
Kusnacht, Switzerland

Orion Research Far East, Inc.
Morrison Hill Road,
Hong Kong

Transfer Agent(s)

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ORIR (NASDAQ)

Number of Employees:

1988	353	1985	482
1987	332	1984	434
1986	414		

Plant Footage:

1988	118,000 sq. ft.	1986	118,000
1987	118,000	1985	90,000

Sales & Earnings

	Net Sales +	Net Income ‡
1988*	$ 32,106,000	$ 1,824,000
1987	30,525,000	(1,007,000)
1986	30,469,000	(1,675,000)
1985	30,566,000	2,538,000
1984	24,984,000	426,000

	No. of Com. Shares †	Earn. per Share ‡ x
1988*	2,538,321	$ 0.72
1987	2,517,116	—
1986	2,485,684	—
1985	2,449,778	1.02
1984	2,395,566	0.18

(Loss)
* 53 weeks.
+ Of continuing operations only.
‡ Including extraordinary credit of $265,000 ($0.21 per share) in 1985.
† Adjusted to reflect stock split.
x Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987	1986
Laboratory prods.	69.4 %	69.6 %	62.7 %
Process monitoring prods.	20.4	19.2	20.0
Biomedical prods.	10.2	11.2	17.3
Total	100.0 %	100.0 %	100.0 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share x
1988	$ 12,591,000	$ 4.96
1987	10,560,000	4.20
1986	11,364,000	4.57
1985	12,841,000	5.24
1984	10,038,000	4.19

x Adjusted to reflect stock split.

Income Account *

Year ended	4/2/88 (53 weeks)	3/28/87
Net sales	$ 32,106,000	$ 30,525,000
Cost of sales	16,835,000	16,850,000
Expenses	13,315,000	12,990,000
Interest expense	232,000	488,000
Other income	(450,000)	—
Income before	$ 2,174,000	$ 197,000
Income taxes (credit)	367,000	(8,000)
Inc.- cont. oper.	$ 1,807,000	$ 205,000
Inc.(loss) - discont. oper.	17,000	(1,212,000)
Net Income (Loss)	$ 1,824,000	$ (1,007,000)

* Included in Costs and Expenses, Depreciation and Amortization $1,204,000 in 1988 and $1,266,000 in 1987.

Assets

As of	4/2/88	3/28/87
Cash	$ 680,000	$ 96,000
Accts. receiv., net	5,026,000	6,106,000
*Inventories, net	6,786,000	7,351,000
Prepaid expenses	241,000	128,000
Current Assets	$ 12,733,000	$ 13,681,000
#Fixed assets	5,385,000	6,109,000
Investments	355,000	281,000
Net assets-discont. oper.	—	412,000
Total Assets	$ 18,473,000	$ 20,483,000

Liabilities

Long-term debt, curr.	$ 178,000	$ 170,000
Accts. payable	1,631,000	1,344,000
Accruals	1,728,000	2,044,000
Income taxes	552,000	609,000
Other taxes	43,000	126,000
Curr. Liabilities	$ 4,132,000	$ 4,293,000
Long-term debt	800,000	4,650,000
Cap. lease oblig.	198,000	276,000
Deferred rent	752,000	704,000
+Common stock	254,000	252,000
Add. paid-in capital	3,973,000	3,870,000
Retained earnings	8,184,000	6,360,000
Cum. trans. adjust	180,000	78,000
Total Liabilities & Shareholders' Equity	$ 18,473,000	$ 20,483,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization
+ $0.10 par value.

Statistical Summary

% Net Income to Equity	14.49	—
Sales to Inventories	4.73	4.15
Debt to Equity	0.09	0.48
Working Capital	$ 8,601,000	$ 9,388,000
Current Ratio	3.08	3.19
Shareholders' Equity	$ 12,591,000	$ 10,560,000

Pacific Scientific Company

620 Newport Center Drive
Suite 700
Newport Beach, California 92660
(714) 720-1714

Officers: Harry R. Goff, chairman of the board; Edgar S. Brower, president & chief executive officer; Richard V. Plat, sr. v.p.-finance & administration and secretary; Robert J. Dal Ponte, v.p.; Douglas D. Fockler, v.p.; Jerald F. McNeil, v.p.; William L. Nothwang, controller; Peer A. Swan, treasurer.

Directors: Harry R. Goff, chairman; Walter F. Beran, Ralph O. Briscoe, Edgar S. Brower, Roger W. Johnson, William A. Preston, Thomas P. Stafford, Harry W. Todd.

Areas of Work: Operates in three areas: Aerospace; Instruments and Components; and Motors and Controls.

Divisions and Subsidiaries:

HTL/Kin-Tech Division
Anaheim & Duarte, California
Develops and markets mechanical shock arrestors, restraint equipment and other safety devices for nuclear power plants; manufactures restraint systems, electro-mechanical flight control components, and hydraulic actuators for military and commercial aircraft; manufactures fire detection and suppression equipment, alternators, pneumatic and electro-mechanical actuators, and other aerospace components.

Instrument Division
Silver Spring, Maryland
Manufactures instruments for the measurement and control of appearance properties, colorimeters for use in the textile and food markets, and related software; manufactures a line of near-infrared analyzers used in the analysis of agricultural and industrial products to measure proteins, moisture, fiber, oil and similar components in organic substances; also manufactures electro-optical instruments that measure size and distribution of particles in fluids, air and powders.

IMEC Corporation
Boston, Massachusetts
Produces electronic controllers for the robotic, machine tool, and process machinery markets

Belfab Division
Daytona Beach, Florida
Manufactures welded and formed metal bellows, and mechanical seals.

Motor & Control Division
Rockford, Illinois
Manufactures low inertia, permanent magnet DC and brushless motors.

Electro Kinetics Division
Santa Barbara, California
Manufactures AC and DC generators and electromechanical actuators.

Pacific Scientific, Ltd.
Bucks, England

Pacific Scientific ATG, Ltd.
Bourne End, England

Pacific Scientific, GmbH
Leonberg, West Germany

Pacific Scientific, S.A.R.L.
Palaiseau, France

Pacific Scientific International Sales Corp.
St. Thomas, U.S. Virgin Islands

Sigma Instruments, Inc.
Weymouth, Massachusetts
Designs, manufactures and markets electrical and electromechanical products for electric utilities and other industries, as well as stepping motors and associated electronics systems for automation applications.

Sigma de Puerto Rico
Hatillo, Puerto Rico

HTL Caribe, Inc.
Luquillo, Puerto Rico

HTL Energy Systems Division
Chandler, Arizona

Pacific Scientific Motion Control, Ltd.
Middlesex, England

Transfer Agent(s):

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): New York, Midwest

Ticker Symbol: PSX

Number of Employees:

1988	1,877	1985	935
1987	1,902	1984	1,057
1986	856		

Plant Footage:

1988	N.A.	1985	448,000
1987	770,000 sq. ft.	1984	448,000
1986	409,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income #
1988	$ 180,886,000	$ (4,093,000)
1987	156,988,000	4,447,000
1986	86,085,000	2,840,000
1985	86,062,000	5,699,000
1984	88,912,000	7,000,030

	No. of Com. Shares	Earn. per Share #†
1988	5,513,000	$ —
1987	5,504,000	0.80
1986	5,500,000	0.52
1985	5,420,000	1.05
1984	5,411,000	1.29

(Loss)
+ Of continuing operations only.
# Including extraordinary gain of $576,000 in 1988.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Advanced Technology	$ 77,095	$ 76,938
Electronic instruments	67,030	55,315
Motors & controls	36,761	24,735
Total	$ 180,886	$ 156,968

Pacific Scientific Company

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.30	—	—
1987	0.40	—	
1986	0.40	—	—
1985	0.40	—	—
1983	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 55,795,000	$ 9.75
1987	61,281,000	11.13
1986	58,650,000	10.66
1985	57,463,000	10.60
1984	53,879,000	9.96

Income Account *
(000's)

Year ended	12/30/88	12/25/87
Net sales	$ 180,886	$ 156,988
Cost of sales	123,522	101,110
Expenses	54,043	46,524
Cost of div. restruc.	2,300	—
Interest expense	4,676	3,332
Interest income	(1,151)	(816)
Litigation expense	3,700	200
Inc. (loss) bef. taxes	$ (6,204)	$ 6,638
Income taxes (credit)	(1,535)	2,191
Net Income (Loss)	$ (4,669)	$ 4,447
Extraord. gain	576	— -
Net Income (Loss) & extraord. gain	$ (4,093)	$ 4,447

* Included in Costs and Expenses, Depreciation and Amortization: $7,819,000 in 1988 and $6,557,000 in 1987.

Assets
(000's)

As of	12/30/88	12/25/87
Cash	$ 1,976	$ 2,038
Short-term invest.	3,295	—
Trade receiv., net	32,334	34,049
*Inventories	47,170	41,584
Other curr. assets	7,750	3,514
Rl. est. held for sale	6,000	—
Current Assets	$ 98,525	$ 81,185
#Fixed assets	26,893	24,759
Other assets	24,288	30,526
Total Assets	$ 149,706	$ 136,470

Liabilities
(000's)

Short-term borrowings	$ 38,000	$ 12,016
Accts. payable	11,726	13,509
Accrued payroll	5,466	6,514
Other curr. liab.	8,041	8,909
Accrued litigation exp.	3,500	—
Curr. Liabilities	$ 66,733	$ 40,948
Long-term debt	22,183	29,985
Deferred income taxes	—	486
Accrued benefit plan	4,995	3,770
+ Common stock	5,513	5,504
Add. paid-in capital	4,732	4,486
Retained earnings	45,550	51,291
Total Liabilities & Shareholders' Equity	$ 149,706	$ 136,470

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.23
%Net Income to Sales	—	2.83
%Net Income to Equity	—	7.26
Sales to Inventories	3.83	3.78
Debt to Equity	1.08	0.69
Working Capital	$ 31,792,000	$ 41,185,000
Current Ratio	1.48	2.03
Shareholders' Equity	$ 55,795,000	$ 61,281,000

Panelgraphic Corporation

10 Henderson Drive
P.O. Box 1265
West Caldwell, New Jersey 07006
(201) 227-1500

Officers: Edward E. Finney, chairman of the board & president; Stewart Nellis, v.p.-marketing & sales; Jules Denzler, secretary & general counsel; Darryl W. Brixius, v.p. & technical director; James M. Johnson, v.p.-operations & treasurer.

Directors: Edward E. Finney, chairman; Henry Avery, William E. Kulsar, John H. Killion.

Areas of Work: Produces specialty coatings for plastics. The company has developed a series of high-performance transparent coatings to achieve a marked upgrading of engineering plastics to create high value-added composites.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	88	1985	85
1987	N.A.	1984	N.A.
1986	85		

N.A. - Not Available.

Plant Footage:

1988	50,000 sq. ft.	1985	50,000
1987	50,000	1984	50,000
1986	50,000		

Sales & Earnings

	Revenues	Net Income
1988	$ 6,061,000	$ 457,755
1987	4,747,000	418,674
1986	4,554,000	(48,697)
1985	4,399,000	(53,063)
1984	3,938,000	82,562

	No. of Com. Shares #	Earn. Per Share #
1988	977,836	$ 0.47
1987	977,836	0.43
1986	977,836	—
1985	976,488	—
1984	974,966	0.09

(Loss)
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	3-for-2
1987	—	15%&25%	

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 1,610,135	1.65
1987	1,152,380	1.18
1986	733,706	0.75
1985	782,403	0.80
1984	832,653	0.85

# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Income Account*

Year ended Aug. 31	1988	1987
Revenues	$ 6,060,801	$ 4,747,228
Cost of sales	3,285,118	2,853,569
Expenses	2,012,730	1,650,519
Interest expense	59,328	79,869
Interest income	(21,562)	(10,403)
Other income	—	(250,000)
Income bef. taxes	$ 725,187	$ 418,674
Income taxes	267,432	—
Net Income	$ 457,755	$ 418,674

* Included in Costs and Expenses, Depreciation and Amortization: $87,574 in 1988 and $83,790 in 1987.

Assets

As of Aug. 31	1988	1987
Cash	$ 606,293	$ 349,614
Accts. receiv., net	719,561	658,995
*Inventories	382,595	401,004
Prepaid expenses	33,531	29,637
Current Assets	$ 1,741,980	$ 1,439,250
#Fixed assets	939,456	695,093
Deposits	38,687	—
Patents	7,875	15,301
Total Assets	$ 2,727,998	$ 2,149,644

Liabilities

Notes payable	$ 246,042	$ 17,969
Accts. payable	226,226	266,764
Accrued expenses	209,994	174,916
Curr. Liabilities	$ 682,262	$ 459,649
Notes payable	376,030	503,195
Deferred inc. taxes	59,571	34,420
+Common stock	97,784	52,144
Add. paid-in capital	836,115	490,510
Retained earnings	676,236	609,726
Total Liabilities & Shareholders' Equity	$ 2,727,998	$ 2,149,644

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Revenues	11.97	—
%Net Income to Revenues	7.55	8.82
%Net Income to Equity	28.43	36.33
Debt to Equity	0.39	0.45
Working Capital	$ 1,059,718	$ 979,601
Current Ratio	2.55	3.13
Shareholders' Equity	$ 1,610,135	$ 1,152,380

Paradyne Corporation

(Acquired by American Telephone & Telegraph Company on February 7, 1989.)

8545 126th Avenue North
P.O. Box 2826
Largo, Florida 34649-2826
(813) 530-2000

Officers: Paul J. Ferri, chairman & chief exec. officer; George B. Pressly, sr. v.p.; Fred T. Melberg, exec. v.p. & chief operating officer; Cletus L. Gardenhour, sr. v.p.-engineering; James L. Slattery, sr. v.p., secretary & general counsel; Peter A. Gugliemi, v.p.-finance & treasurer; John A. Koehler, sr. v.p.; John K. Mullaney, v.p.-sales & marketing; H. Edward Thompson, v.p.-operations; F. Selby Welman, v.p.-sales & marketing; Barry H. Black, asst. treasurer; Douglas P. Hotchkiss, controller.

Directors: Paul J. Ferri, chairman; Henry H. Greer, J. Thomas Lawson, James K. Taggart, William F. Souders.

Areas of Work: Designs, manufactures, markets, and services medium and high speed data communications equipment. The two principal product lines include Modems and Analysis systems to allow transmission of computer information over telephone lines and PIX systems designed to communicate between remote peripheral devices and IBM computers.

Subsidiaries:

Paradyne Canada, Ltd.
100 York Boulevard, Suite 200
Richmond Hill, Ontario L4B 1J8, Canada
(416) 494-0453

Ark Electronic Products, Inc.
P.O. Box 2169
Melbourne, Florida 32902-2169
(305) 724-5260

Paradyne U.K. Ltd.
Paradyne House, 14 Upton Rd.
Watford, Hertfordshire WD1 7EP, England
44 (923) 55550

Paradyne Far East Corporation
Bank of America Tower
Suite 3403
12 Harcourt Road
Central, Hong Kong
852-5-243148

Paradyne Japan, KK
WAKO Number 15, Building 8
1-Chome Honcho, Nihonbashi
Chuo-Ku, Tokyo, Japan
81-3-245-0431

Solid State Circuits, Inc.
3300 South Golden Avenue
Springfield, Missouri 65807
(417) 887-0823

Number of Employees:

1987	3,115
1986	3,457
1985	3,749
1984	4,042
1983	3,452

Plant Footage:

1987 .... 709,500 sq. ft. 1986 709,500

Sales & Earnings

	Revenues	Net Income
1987	$ 232,568,000	$ (2,608,000)
1986	261,109,000	(38,461,000)
1985	252,529,000	(31,182,000)
1984	289,981,000	11,048,000
1983	208,959,000	3,652,000

	No. of Com. Shares †	Earn. per Share †
1987	22,932,000	$ —
1986	22,750,000	—
1985	22,589,000	—
1984	22,515,000	0.49
1983	22,357,000	0.16

(Loss)
† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 144,368,000	$ 6.30
1986	146,043,000	6.42
1985	184,167,000	8.15
1984	213,763,000	9.49
1983	199,819,000	8.94

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 153,757	$ 184,585
Other income	78,811	76,524
Total revenues	$ 232,568	$ 261,109
Cost of sales & revenues	149,157	184,408
Expenses	84,975	101,183
Interest expense	9,588	12,818
Other income	(10,207)	(8,679)
Unusual items	—	9,000
Loss before taxes	$ (945)	$ (37,621)
Income taxes	1,663	840
Net Loss	$ (2,608)	$ (38,461)

* Included in Costs and Expenses, Depreciation and Amortization: $25,999,000 in 1987 and $26,016,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cash invest.	$ 43,531	$ 30,784
Accts. receiv., net	53,303	60,353
Install. receiv.	9,686	21,649
*Inventories	58,681	60,652
Prepaid expenses	6,343	5,756
Current Assets	$ 171,547	$ 179,194
Install. receiv.	10,526	15,932
Field support spares	13,115	18,430
#Equip. on oper. leases	2,914	5,607
#Fixed assets	56,847	62,172
Other assets	8,322	6,584
Total Assets	$ 263,271	$ 287,919

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 9,781	$ 6,940
Accts. payable	12,583	11,640
Accruals	17,314	26,790
Income taxes	4,095	3,147
Curr. Liabilities	$ 43,773	$ 48,517
Long-term debt	75,130	93,221
Def. maint. rev.	—	138
+Common stock	2,305	2,282
Add. paid-in stock	145,896	144,949
Retained earnings (deficit)	(1,803)	805
Cum. trans. adjust.	(2,030)	(1,993)
Total Liabilities & Shareholders' Equity	$ 263,271	$ 287,919

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	2.62	3.04
Debt to Equity	0.59	0.69
Working Capital	$ 127,774,000	$ 130,677,000
Current Ratio	3.92	3.69
Shareholders' Equity	$ 144,368,000	$ 146,043,000

Park Electrochemical Corp.

5 Dakota Drive
Lake Success, New York 11042
(516) 354-4100

Officers: Jerry Shore, chairman, chief executive officer and president; E. Philip Smoot, exec. v.p.; Stanley H. Randall, v.p.; Harry Linzer, v.p., treasurer & secretary; Allen Levine, v.p. & controller.

Directors: Anthony Chiesa, Jerry Shore, Norman M. Schneider, Brian E. Shore, Lloyd Frank, E. Philip Smoot.

Areas of Work: Engaged in the design, manufacture and marketing of electronic materials and components, plumbing hardware, and industrial components. The electronic products include sophisticated multilayer circuitry materials used in electronic interconnections, as well as front panels and nameplates, for use in electronic equipment. The plumbing hardware products include bath spouts, shower heads, kitchen hose and spray head units, and faucets manufactured for original equipment manufactures, hardware and plumbing wholesalers and home improvement centers. The industrial components consist of decorative hardware used primarily by manufacturers of household appliances and automobiles.

Divisions and Subsidiaries:

New England Laminates Co., Inc.
3 Elm Street
Walden, New York 12586

Zin-Plas Corporation
25 North Park Street
Comstock Park, Michigan 49321

Dielectric Polymers, Inc.
218 Race Street
Holyoke, Massachusetts 01040

Nelco Products, Inc.
1411 E. Orangethorpe Avenue
Fullerton, California 92631

New England Laminates (U.K.) Limited
1 Paddock Road
Skelmersdale, Lancashire, United Kingdom

Grand Rapids Die Casting Corp.
Grand Rapids, Michigan

Nelco Technology, Inc.
Tempe, Arizona

Nelco GmbH
Stuttgart, West Germany

Nelco, S.A.
Mirebeau-sur-Beze, France

Nelco Products Pte. Ltd.
Jurong, Singapore

FiberCote Industries, Inc.
Waterbury, Connecticut

Stem Search Corp.
Gardena, California

Transfer Agent(s):

Registrar & Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: PKE

Number of Employees:

1989	1,300
1988	1,170
1987	1,000
1986	935
1985	950

Sales & Earnings

	Net Sales	Net Income
1989	$ 146,913,000	$ 7,633,000
1988	128,136,000	7,030,000
1987	102,777,000	5,885,000
1986	87,786,000	4,380,000
1985*	92,587,000	7,250,000

	No. of Com. Shares #	Earn. per Share #
1989	5,175,000	$ 1.47
1988	5,160,000	1.36
1987	5,156,000	1.14
1986	5,151,000	0.85
1985*	5,141,000	1.41

* 53 weeks.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1989	1988
Electronics	$ 121,225	$ 106,976
Plumbing hardware	19,102	16,887
Industrial components	6,586	4,273
Total	$ 146,913	$ 128,136

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1989	$ 0.24	—	—
1988	0.15	—	
1987	0.12	—	—
1986	0.06	—	—
1985	—	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 66,353,000	$ 12.82
1988	60,571,000	11.71
1987	52,870,000	10.25
1986	46,798,000	9.08
1985	41,339,000	8.04

‡ Adjusted to reflect stock split.

Income Account *

Year ended	2/26/89	2/28/88
Net sales	$ 146,913,000	$ 128,136,000
Cost of sales	119,204,000	100,916,000
Expenses	18,469,000	16,457,000
Interest expense	3,001,000	2,823,000
Other income	(4,407,000)	(2,306,000)
Income before taxes	$ 10,646,000	$ 10,246,000
Income taxes	3,805,000	3,216,000
Cum. effect of acct. change	(792,000)	—
Net Income	$ 7,633,000	$ 7,030,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,816,000 in 1988 and $4,341,000 in 1987.

Assets

As of	2/26/89	2/28/88
Cash & cash equiv.	$ 20,796,000	$ 10,016,000
Market. securities	39,747,000	46,463,000
Accts. receiv., net	22,938,000	24,955,000
*Inventories	12,447,000	11,492,000
Prepaid exp. & other assets	2,743,000	1,697,000
Current Assets	$ 98,671,000	$ 94,623,000
#Fixed assets	34,160,000	29,220,000
Other assets	2,315,000	2,523,000
Total Assets	$ 135,146,000	$ 126,366,000

Liabilities

Bank loans & notes payable	$ 3,321,000	$ 2,959,000
Long-term debt, curr.	297,000	270,000
Accts. payable	14,720,000	13,709,000
Accruals	5,993,000	5,447,000
Income taxes	3,807,000	2,271,000
Curr. Liabilities	$ 28,138,000	$ 24,656,000
Long-term debt	35,373,000	35,638,000
Deferred inc. taxes	5,282,000	5,501,000
+Common stock	518,000	518,000
Add. paid-in capital	17,313,000	17,277,000
Retained earnings	46,552,000	40,161,000
Cum. trans. adj.	1,970,000	2,615,000
Total Liabilities & Shareholders' Equity	$ 135,146,000	$ 126,366,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.25	8.00
%Net Income to Sales	5.20	5.49
%Net Income to Equity	11.50	11.61
Sales to Inventories	11.80	11.15
Debt to Equity	0.59	0.64
Working Capital	$ 70,533,000	$ 69,967,000
Current Ratio	3.51	3.84
Shareholders' Equity	$ 66,353,000	$ 60,571,000

Parker Hannifin Corporation

17325 Euclid Avenue
Cleveland, Ohio 44112-1290
(216) 531-3000

Officers: Patrick S. Parker, chairman of the board; Paul G. Schloemer, president & chief exec. officer; Duane E. Collins, exec. v.p. & president-International; Michael J. Hiemstra, v.p.-finance & administration & chief financial officer; James P. Mockler, v.p. & president-Fluidpower; Robert H. Rau, v.p. & president-Aerospace; William D. Wilkerson, v.p. and technical director; Dennis W. Sullivan, exec. v.p.& chief operating exec.-Industrial & Automotive Aftermarket; John L. Hanson, v.p.-human resources; Harold C. Gueritey, Jr., controller; Joseph D. Whiteman, v.p., general counsel & secretary; Paul R. Lederer, v.p. & president-Automotive Aftermarket; Donald A. Zito, v.p. & president-Fluid Connectors; Wallace C. Young, treasurer.

Directors: Allen H. Ford*, Frank A. LePage, Reynold C. MacDonald, Patrick S. Parker*, Scott A. Rogers, Jr., Maurice L. Schwarz, Richard Bertea*, John G. Breen, Robert H. Cannon, Jr., Paul G. Schloemer*, Dennis W. Sullivan, Allan L. Rayfield*, Paul C. Ely, Jr.*.

* Member of the Executive Committee

Areas of Work: Industrial products include: hydraulic, pneumatic and cryogenic cylinders, valves, control, and filters, hydraulic pumps, accumulators, motors, and power system units, hose, tube and applicable connectors and fittings; sealing devices, worm drive clamps, refrigeration and air conditioning system components. Aviation/Space Marine products include: gas turbine fuel injection control valves and nozzles; precision control valves for cryogenic and conventional fuels; valves for pressurized gases used in space experiments and space craft altitude jets; hydraulic valves; and biomedical products. Automotive products include: worm drive clamps; thermostats; windshield wiper blades and refills; windshield washer pumps; turn signal and hazard warning flashers, mirrors, radio antennas; air conditioner fittings, hose assemblies; receiver-dryers, valves couplers and mufflers; grease guns; oilers; tire valves, gauges and hardware; air line couplers; blow guns; seals; disc and drum brake fluids and components.

Operating Groups:

Parker Bertea Aerospace Group
18321 Jamboree Boulevard
Irvine, California 92715
(714) 833-3000

Automatic Aftermarket Group
707 Skokie Boulevard
Suite 500
Northbrook, Illinois 60062
(312) 272-9600

Biomedical Group
17352 Von Karman Avenue
Irvine, California 92714
(714) 851-3357

Fluid Connectors Group
17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Fluid Connectors Group - Europe
Star House
P.O. Box 192
69/71 Clarendon Road
Watford WD1 1DQ, Herts, England

Fluidpower Group
17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Fluidpower Group - Europe
Parker Hannifin N.M.F. GmbH
Geestemunder Strasse 42
D5 Koln 60, West Germany

Asia Pacific Group
Latin American Group
17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Parker Nichols Group
48 Woerd Avenue
Waltham, Massachusetts 02254
(617) 894-0650

Refrigeration Components Group
270 Holbrook Drive
Wheeling, Illinois 60090
(312) 459-1411

Seal Group
18321 Jamboree Boulevard
Irvine, California 92715
(714) 833-3000

Seal Group - Europe
Parker-Pradifa GmbH
Postfach 328
D-7120 Bietigheim-Bissingen, West Germany

Divisions and Subsidiaries:

United Aircraft Products, Inc.
3400 Terminal Drive
Dayton International Airport
Dayton, Ohio 90007
(513) 898-1811

Manufactures heat transfer components primarily for the aerospace market.

Compumotor Corporation
1179 N. McDoweil Blvd.
Petaluma, California 94952
(707) 778-1244

Manufactures electronic components and systems used to control motion.

Metal Bellows Corporation
Moorpark, California
Sharon, Massachusetts

Manufactures precision welded bellows, pumps, accumulators and fabricated assemblies for aerospace and other high technology applications.

Spaulding Instruments Inc.

Manufactures sophisticated electro-mechanical encoders.

Commercial Filters Division
1515 West South Street
P.O. Box 1300
Lenanon, Indiana 46052
(317) 482-3900

Manufactures cartridge filters and wound filter elements.

Schrader Bellows Inc.
8676 East M-89
Richland, Michigan 49083
(616) 694-9411

Manufactures pneumatic products and automation systems for domestic and international markets.

Acquisitions:

Gull Inc.
395 Oser Avenue
Smithtown, New York 11787
(516) 231-3737

Manufactures fuel-gaging and monitoring computers, fire-suppression systems, and navigation-monitoring computers for military and commercial aviation.

Bruning Hydraulics
13400 East O Street
P.O. Box 81247
Lincoln, Nebraska 68501-1247
(402) 489-6536

Manufactures hydraulic quick couplers, cylinders, and check valves.

Waterman Hydraulics
Niles, Illinois

Manufactures hydraulic control valves for a variety of fluid power applications.

Stratoflex, Inc.
220 Roberts Cut-Off Road
P.O. Box 10398
Fort Worth, Texas 76114-0398
(817) 738-6543

Manufactures fluid connectors.

Transfer Agent(s):

AmeriTrust Company N.A.
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: PH

Number of Employees:

1988	33,255	1985	23,616
1987	27,608	1984	22,692
1986	26,564		

Sales & Earnings x

	Net Sales (000's)	Net Income (000's)	No. of Com. Shares +	Earn per Share #
1988	$ 2,251,699	$ 106,539	48,714,000	$ 2.20
1987	1,946,328	84,432	48,239,000	1.77
1986	1,791,825	80,568	47,310,000	1.73
1985	1,550,434	75,946	46,121,000	1.66
1984	1,382,942	73,178	44,787,000	1.65

x Restated to include operations of Gull Inc., acquired on a pooling of interests basis.
+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1988	1987
Industrial	$ 1,359,040	$ 1,086,718
Aviation Space/Marine	658,047	623,025
Automotive	239,556	240,114
Interseg. sales	(4,944)	(3,529)
Total	$ 2,251,699	$ 1,946,328

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1988	$ 0.82	—	—
1987	0.80	—	
1986	0.76	—	3-for-2
1985	0.73	—	—
1984	0.69	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity x

	Total Equity	Equity Per Share †
1988	$ 845,741,000	$ 17.36
1987	756,679,000	15.69
1986	665,440,000	14.07
1985	588,398,000	12.76
1984	537,860,000	12.01

x Restated.
† Adjusted to reflect stock split.

Income Account *

Year ended June 30	1988	1987‡
Net sales	$ 2,251,699	$ 1,946,328
Cost of sales	1,754,928	1,503,943
Expenses	295,259	261,900
Interest expense	38,986	33,788
Interest & other expense (income)	(5,152)	351
Loss (gain) on disposal of assets	3,841	(8,524)
Income before taxes	$ 163,837	$ 154,870
Income taxes	57,298	70,438
Net Income	$ 106,539	$ 84,432

‡ Restated.
* Included in Costs and Expenses, Depreciation: $80,041,00 in 1988 and $69,043,000 in 1987.

Assets
(000's)

As of June 30	1988	1987‡
Cash & cash equiv.	$ 20,020	$ 18,418
Accts. receiv., net	358,169	295,301
*Inventories	502,570	410,592
Prepaid expenses	21,729	48,994
Def. inc. taxes	48,107	18,009
Current Assets	$ 950,595	$ 791,314
Investments & other assets	35,896	39,438
#Fixed assets	692,325	602,314
Exc. cost of invest. over assets acquired	62,986	49,572
Total Assets	$ 1,741,802	$ 1,482,638

Liabilities
(000's)

Notes payable	$ 84,624	$ 71,338
Accts. payable	146,558	103,479
Accrued payroll	65,228	55,696
Accrued taxes	38,503	50,248
Other accruals	75,969	68,588
Current Liabilities	$ 410,882	$ 349,349
Long-term debt	405,779	306,699
Other liabilities	27,375	20,505
Deferred inc. taxes	52,025	49,406
+Common stock	24,357	24,120
Add. paid-in capital	154,351	146,791
Retained earnings	651,517	584,744
For. curr. trans. adj.	15,516	1,024
Total Liabilities & Shareholders' Equity	$ 1,741,802	$ 1,482,638

‡ Restated.
* At lower of cost or market. Majority of domestic inventories stated at LIFO; remainder at FIFO.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.28	7.96
%Net Income to Sales	4.73	4.34
%Net Income to Equity	12.60	11.16
Sales to Inventories	4.48	1.74
Debt to Equity	0.58	0.50
Working Capital	$ 539,713,000	$ 441,965,000
Current Ratio	2.31	2.27
Shareholders' Equity	$ 845,741,000	$ 756,679,000

The Penn Central Corporation

One East Fourth Street
Cincinnati, Ohio 45202
(513) 579-6600

Officers: Carl H. Lindner, chairman of the board & chief executive officer; Ronald F. Walker, president & chief operating officer; Neil M. Hahl, sr. v.p.; Robert W. Olson, sr. v.p., general counsel & secretary; David H. Street, sr. v.p.-finance; James E. Schwab, v.p.; Robert J. Siverd, v.p. & associate general counsel; Robert F. Amory, controller; Philip A. Hagel, treasurer; Denis R. Brown, pres.-Penn Central Telecommunications Company; Gilbert F. Decker, pres.-Penn Central Federal Systems Company; J. Earl Beckman, pres.-Marathon.

Directors: Carl H. Lindner*, chairman; Richard Dicker, A. Leon Fergenson, John W. Ingraham, Ronald F. Walker*, Thomas M. Hunt, John H. Williams*, Alfred W. Martinelli*, James E. Evans, S. Craig Lindner, Hugh F. Culverhouse, Theodore H. Emmerich.

* Member of the Executive Committee

Areas of Work: The company manufactures products and supplies services in the following areas: defense, telecommunications, and heavy equipment.

Divisions and Subsidiaries:

Penn Central Federal Systems Company
Alexandria, Virginia
(703) 739-2400

Vitro Services Corporation
Ft. Walton Beach, Florida
(904) 244-7711

Manufacture of precision tracking and meteorological radar systems.

Vitro Corporation
Silver Spring, Maryland
(301) 231-1000

Systems and software engineering for the design, coordination and integration of components into unified and effective weapons systems for the U.S. Navy.

Penn Central Telecommunications Company
Woodcliff Lake, New Jersey
(201) 573-8200

Manufactures and markets a broad range of wire and cable products for voice, data, and electrical transmission. Other products include high-performance connectors for defense applications and installation and monitoring equipment for communications networks.

General Cable Company
Woodbridge, New Jersey
(201) 636-5500

Manufacture of wire and cable and related products for the telecommunications market.

General Cable International
Woodcliff Lakes, New Jersey
(201) 573-8200

Manufacture of wire and cable related products for the telecommunications market through foreign equity investments in Brazil, Colombia, Venezuela and Spain.

Marathon Manufacturing Companies
Houston, Texas
(713) 659-7444

Marathon Battery Company
Waco, Texas
(817) 776-0650

Manufacture of nickel-cadmium and magnesium batteries.

Marathon Flite-Tronics Company
Burbank, California
(818) 841-3210

Manufacture of static inverters.

Marathon LeTourneau Company
Houston, Texas
(713) 659-7444

Manufacture of mobile offshore oil and gas drilling rigs and components; marine repair and parts services; manufacture of heavy equipment.

Oilfield Services Companies
Houston, Texas
(713) 659-7444

Butler-Johnson, Inc.
Shreveport, Louisiana
(318) 226-0731

Contract oil and gas drilling.

Cubby Drilling, Inc.
Midvale, Ohio
(614) 922-9431

Contract oil and gas drilling.

Western Oil Well Service Co.
Billings, Missouri
(406) 245-7109

Oil well service and workover.

Willis Drilling Co. Inc.
Edinburg, Texas
(512) 383-3888

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Philadelphia, Pacific

Ticker Symbol: PC

Number of Employees:

1988	13,900	1985	34,500
1987	15,700	1984	34,500
1986	24,300		

Sales & Earnings

	Net Sales	Net Income
1988	$ 1,546,500,000	$ 103,400,000
1987	1,421,400,000	36,200,000
1986	1,938,800,000	154,200,000
1985	2,035,200,000	110,800,000
1984	1,998,000,000	170,000,000

	No. of Com. Share	Earn. per Share #
1988	71,031,791	$ 1.46
1987	35,694,533	0.46
1986	39,131,651	1.92
1985	40,292,870	1.38
1984	40,029,864	1.91

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Diversified industries	$ 216,100	$ 144,500
Telecommunications	923,300	709,200
Federal systems	407,100	407,000
Energy	—	160,700
Total	$ 1,546,500	$ 1,421,400

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.10	—	—
1987	0.05	—	

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 1,769,900,000	$ 24.92
1987	1,656,900,000	23.21
1986	2,092,200,000	26.73
1985	1,825,900,000	22.66
1984	1,619,200,000	20.23

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 1,546,500	$ 1,502,500
Cost of sales	933,500	792,900
Oper. expenses	406,000	396,700
Depreciation & amortization	35,700	49,600
Gen. & adm. expenses	87,000	86,600
Interest & debt expense	93,700	14,800
Income taxes	27,000	14,800
Other expense (income)	(187,400)	21,500
Prov. for asset redeployment	22,500	70,400
Income before taxes	$ 128,500	$ 55,200
Income taxes	34,400	20,400
Inc. - cont. oper.	$ 94,100	$ 34,800
Inc. - discont. oper.	9,300	1,400
Net Income	$ 103,400	$ 36,200

Assets
(000's)

As of Dec. 31	1988	1987
Cash & temp. invest.	$ 757,900	$ 1,072,000
Receivables, net	241,200	319,200
*Inventories	251,000	218,200
Prepaid expenses	23,700	25,600
Current Assets	$ 1,273,800	$ 1,635,000
Investments	673,200	332,400
#Fixed assets	301,500	345,100
Other assets	71,000	64,000
Intangibles	80,800	116,400
Total Assets	$ 2,400,300	$ 2,492,900

Liabilities
(000's)

Long-term debt, curr.	$ 8,700	$ 7,800
Bank borrowings	—	2,600
Accts. payable	95,100	122,700
Other curr. liab.	200,400	287,400
Curr. Liabilities	$ 304,200	$ 420,500
Long-term debt	159,700	188,900
Other liab.	123,500	155,200
Minority interest	13,300	38,800
Deferred inc. taxes	29,700	32,600
+Common stock	88,700	52,200
Add. paid-in capital	1,861,200	1,852,800
Retained earnings	524,400	428,200
Treasury stock	(704,400)	(676,300)
Total Liabilities & Shareholders' Equity	$ 2,400,300	$ 2,492,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	5.84	2.18
Sales to Inventories	6.16	6.89
Debt to Equity	0.10	0.12
Working Capital	$ 969,600,000	$ 1,214,500,000
Current Ratio	4.19	3.89
Shareholders' Equity	$ 1,769,900,000	$ 1,656,900,000

Penril Corp.

7811 Montrose Road
Potomac, Maryland 21854
(301) 762-4949

Officers: Henry D. Epstein, chairman, president & chief exec. officer; Harry O. Christenson, exec. v.p. & chief operating officer; Vito L. Greco, v.p. & president-Electro-Metrics Division; John D. Phillips, v.p. & president-Technipower; David L. Johnson, v.p. & president-Penril Data-Comm.

Directors: Henry D. Epstein, chairman; Dennis B. Heffernan, Richard D. Margolis, Harry O. Christenson, James S. Rice, John P. Lowe, Jr., Howard M. Schneider.

Areas of Work: Designs, manufactures and markets data communications equipment, electronic test and measurement instruments, electronics power supplies and electronic power conversion equipment.

Divisions and Subsidiaries:

Penril DataComm Division
207 Perry Parkway
Gaithersburg, Maryland 20877-2197
(301) 921-8600

Designs, manufacturers and markets data communications networking products, including a complete line of modems.

Electro-Metrics Division
100 Church Street
Amsterdam, New York 12010-4299
(518) 843-2600

Manufactures test instruments for measurement of RFI/EMI (radio frequency and other electromagnetic interference).

Technipower Division
Commerce Drive
Commerce Industrial Park
Danbury, Connecticut 06810-9990
(203) 748-7001

Manufactures power conversion equipment including high reliability encapsulated power supplies, auto transformers and voltage regulators.

Penril DataComm, Ltd.
Grafton Way
West Ham Industrial Estate
Basingstoke, Hants, England RG22 6HW

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: PNL

Number of Employees:

1988	418
1987	440
1986	1,150
1985	N.A
1984	1,250

Plant Footage:

1988	127,520 sq. ft.
1987	152,060 sq. ft.
1986	166,170
1985	N.A.
1984	400,000

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income ‡
1988	$ 39,027,000	$ 2,184,000
1987	37,998,000	(11,038,000)
1986	31,835,000	(11,777,000)
1985	30,284,000	39,000
1984	30,403,000	2,470,000

	No. of Com. Shares #	Earn per Share ‡ #
1988	2,357,000	$ 0.93
1987	2,194,000	—
1986	2,146,000	—
1985	2,150,000	0.02
1984	2,092,000	1.18

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gain of $965,000 ($0.41 per share) in 1988.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	0.10	—	—
1985	0.20	—	—
1984	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 4,183,000	$ 1.77
1987	1,816,000	0.83
1986	11,166,000	5.20
1985	22,888,000	10.65
1984	22,757,000	10.88

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended July 31	1988	1987
Net sales & revenues	$ 39,027,000	$ 37,998,000
Cost of sales	20,933,000	21,806,000
Expenses	15,257,000	14,970,000
Interest expense	591,000	1,887,000
Interest income	(41,000)	(203,000)
Other expense	54,000	923,000
Income (loss) bef. taxes	$ 2,233,000	$ (1,385,000)
Income taxes	816,000	—
Income (loss) - cont. oper.	$ 1,417,000	$ (1,385,000)
Loss - discont. oper.	(198,000)	(9,653,000)
Net Income (Loss)	$ 1,219,000	$ (11,038,000)
Extraord. gain	965,000	—
Net Income (Loss) & extraord. gain	$ 2,184,000	$ (11,038,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,520,000 in 1988 and $2,050,000 in 1987.

Assets

As of July 31	1988	1987
Cash	$ 71,000	$ 678,000
Accts. receiv., net	8,811,000	9,112,000
Tax refund receiv.	167,000	172,000
*Inventories	8,465,000	8,662,000
Other assets	326,000	444,000
Current Assets	$ 17,840,000	$ 19,068,000
Net assets of discont. oper.	3,459,000	8,590,000
#Fixed assets	3,436,000	4,090,000
Other assets & intangibles	2,268,000	1,777,000
Total Assets	$ 27,003,000	$ 33,525,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 438,000	$ 66,000
Due to bank under loan agree.	500,000	7,191,000
Accts. payable	2,779,000	3,914,000
Accrued comp.	1,093,000	1,206,000
Accrued interest	89,000	204,000
Other expenses	1,402,000	1,556,000
Curr. Liabilities	$ 6,301,000	$ 14,137,000
Long-term debt	16,188,000	17,203,000
Other liabilities	331,000	369,000
+ Common stock	23,000	23,000
Add. paid-in capital	13,702,000	14,066,000
Retained earnings (def.)	(9,584,000)	(11,768,000)
Note receiv.	—	(610,000)
Foreign curr. trans.	42,000	105,000
Total Liabilities & Shareholders' Equity	$ 27,003,000	$ 33,525,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	29.14	—
Debt to Equity	3.97	9.51
Working Capital	$ 11,539,000	$ 4,931,000
Current Ratio	2.83	1.35
Shareholders' Equity	$ 4,183,000	$ 1,816,000

The Perkin-Elmer Corporation

761 Main Avenue
Norwalk, Connecticut 06859-0001
(203) 762-1000

Officers: Horace G. McDonell, chairman & chief executive officer; Gaynor N. Kelley, president & chief operating officer; Julianne A. Grace, v.p.-administration; C. Wendell Bergere, Jr., v.p., general counsel & secretary; Walter E. Morgan, sr. v.p.-European operations; Robert J. Murphy, v.p.-sales & service; Riccardo Pigliucci, v.p.-U.S. Instrument Division; Thomas R. Fisher, v.p.-Metco Division; Rhonda L. Seegal, treasurer; William B. Sawch, asst. secretary.

Directors: Horace G. McDonnell*, chairman of the board; E. Russell Eggers, J. David Parkinson*, John S. Scott*, James L. Bast, Donald R. Melville, Richard F. Tucker*, Joseph F. Abeley, Jr.*, John M. Deutch, Gaynor N. Kelley*, George C. Dacey, Robert H. Hayes, Burnell R. Roberts, Richard H. Ayers.

* Member of the Executive Committee

Areas of Work: Products include analytical instruments and materials technology.

Divisions and Subsidiaries:

Instrument Division
Norwalk, Connecticut
Manufactures analytical instruments.

Superconductor Operations Center
Westbury, New York

Sales and Service Division
Norwalk, Connecticut

Bodenseewerk Perkin-Elmer and Co., G.m.b.H.
Uerberlingen, West Germany

Perkin-Elmer Limited
Beaconsfield, England and Llantrisant, Wales

Metco Division
Westbury and Hicksville, New York

Physical Electronics Division
Eden Prairie, Minnesota

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Pacific

Ticker Symbol: PKN

Number of Employees:

1988	10,971
1987	14,119
1986	14,581
1985	15,515
1984	15,480

Plant Footage:

1988	3,924,532 sq. ft.
1987	3,886,672
1986	4,337,000

Sales & Earnings

	Net Sales +	Net Income
1988	$ 1,165,499,000	$ 71,762,000
1987	1,110,044,000	(18,178,000)
1986	1,069,909,000	72,572,000
1985	1,056,565,000	82,133,000
1984	963,343,000	66,088,000

	No. of Com. Shares †	Earn. per Share †
1988	44,611,000	$ 1.61
1987	45,093,000	—
1986	45,186,000	1.61
1985	44,650,000	1.84
1984	44,466,000	1.49

+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Instruments	$ 483,600	$ 416,100
Semiconductor equipment	199,600	203,400
Materials & surfact tech.	177,600	168,100
Geraetetechnik	162,700	164,700
Government systems	145,000	161,800
Inter-segment	(3,000)	(4,100)
Total	$ 1,165,500	$ 1,110,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.600	—	—
1987	0.600	—	
1986	0.590	—	—
1985	0.545	—	—
1984	0.500	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 722,184,000	$ 16.15
1987	695,628,000	15.43
1986	705,748,000	15.62
1985	619,328,000	13.87
1984	562,702,000	12.65

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended July 31	1988	1987
Net sales	$ 1,165,499	$ 1,110,044
Cost of sales	659,064	646,435
Expenses	394,960	379,771
Prov. for restruc. oper.	—	73,300
Interest expense	17,377	16,963
Interest income	(10,905)	(12,641)
Other expense	1,093	3,647
Income before taxes	$ 103,910	$ 2,569
Income taxes	40,160	22,222
Minority interest	3,730	4,978
Inc. (loss)-cont. oper.	$ 60,020	$ (24,631)
Inc.-discont. oper.	11,742	6,453
Net Income (Loss)	$ 71,762	$ (18,178)

* Included in Costs and Expenses, Depreciation and Amortization: $54,715,000 in 1988 and $44,453,000 in 1987.

Assets

As of July 31	1988	1987
Cash & other short-term invest.	$ 28,839	$ 83,949
Accts. receiv., net	329,628	309,846
*Inventories	362,411	331,128
Prepaid expenses & other assets	85,077	70,404
Current Assets	$ 805,955	$ 795,327
Marketable securities & time deposits	70,025	57,765
#Fixed assets	270,249	229,826
Net assets-discont. oper.	159,197	145,302
Other assets	63,228	64,148
Total Assets	$ 1,368,654	$ 1,292,368

Liabilities
(000's)

Loan payable	$ 199,853	$ 145,404
Accts. payable	101,633	108,415
Accrued payroll	48,470	42,721
Income taxes	27,043	26,741
Other accruals	121,546	128,537
Curr. Liabilities	$ 498,545	$ 451,818
Long-term debt	36,852	39,472
Other liabilities	97,570	92,872
Minority interest	13,503	12,578
+Common stock	45,544	45,350
Add. paid-in capital	123,987	119,795
Retained earnings	547,710	503,357
Trans. adjustment	19,365	27,126
Treasury stock	(14,422)	—
Total Liabilities & Shareholders' Equity	$ 1,368,654	$ 1,292,368

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	9.94	—
Sales to Inventories	3.22	3.35
Debt to Equity	0.05	0.06
Working Capital	$ 307,410,000	$ 343,509,000
Current Ratio	1.62	1.76
Shareholders' Equity	$ 722,184,000	$ 695,628,000

Personal Computer Products, Inc.

11590 West Bernardo Court
San Diego, California 92127
(619) 485-8411

Officers: Edward W. Savarese, chairman of the board & chief exec. officer; Daniel W. Zipkin, president & chief operating officer; Thomas J. Tranchina, v.p.-finance, secretary & treasurer.

Directors: Edward W. Savarese, chairman; Irwin Roth, Harry J. Saal.

Areas of Work: The Company develops, markets and supplies microcomputers and microcomputer accessory products and technology. Products include laser printers, a laser printer controller board, which enables the host computer to-fully utilize the capacities of certain laser printer engines; an IBM PC-compatible modularized microcomputer and related add-on printed circuit boards; and microprocessor-based printed circuit boards designed to plug into Apple microcomputers.

Transfer Agent(s):

Bank of America National Trust & Savings Association
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PCPI (NASDAQ)

Number of Employees:

1987	40	1985	34
1986	29		

Plant Footage:

1987	9,400 sq. ft.	1985	9,400
1986	9,400		

Sales & Earnings

	Net Sales	Net Income †
1987	$ 5,000,200	$ (818,800)
1986	2,311,900	(994,400)
1985	4,496,200	(2,296,200)
1984	4,391,100	206,700
1983	1,439,700	87,400

	No. of Com. Shares ‡	Earn. per Share †
1987	1,710,800	$ —
1986	1,701,000	—
1985	1,688,400	—
1984	1,417,100	0.15
1983	952,400	0.09

(Loss)
† Including extraordinary gain of $9,600 ($0.01 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ (1,368,600) †	$ —
1986	(226,700) †	—
1985	976,800	0.58
1984	3,273,000	2.31
1983	73,400	0.08

(Deficiency)
† After allowing for preferred stock at par value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1987	1986
Sales of prods.	$ 4,182,000	$ 1,840,600
License fees	650,500	460,500
Interest income	167,700	10,800
Total revenues	$ 5,000,200	$ 2,311,900
Cost of sales	2,951,700	1,581,000
Expenses	2,865,000	1,722,600
Loss bef. taxes	$ (816,500)	$ (991,700)
Income taxes	2,300	2,700
Net Loss	$ (818,800)	$ (994,400)

* Included in Costs and Expenses, Depreciation and Amortization: $161,100 in 1987 and $174,900 in 1986.

Assets

As of June 30	1987	1986
Cash & cash equiv.	$ 2,765,000	$ 1,299,200
Accts. receiv., net	999,000	615,400
* Inventories	1,074,000	721,500
Prepaid expenses	69,000	162,700
Current Assets	$ 4,907,000	$ 2,798,800
# Fixed assets	254,400	323,200
Other assets	24,800	16,700
Total Assets	$ 5,186,200	$ 3,138,700

Liabilities

Notes payable	$ —	$ 725,000
Accts. payable	276,100	443,600
Accruals	153,800	177,100
Other curr. liabilities	40,300	73,700
Curr. Liabilities	$ 470,200	$ 1,419,400
Other liabilities	34,300	95,700
+ Redeem. preferred stock	300	300
++ Conv. preferred stock	6,050,000	1,850,000
+++ Common stock	18,400	18,100
Add. paid-in capital	2,452,400	2,775,800
Retained earn. (deficit)	(3,839,300)	(3,020,500)
Treasury stock	(100)	(100)
Total Liabilities & Shareholders' Equity	$ 5,186,200	$ 3,138,700

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; convertible.
++ $1,000 par value; 5% convertible.
+++ $0.01 par value.

Statistical Summary

Sales to Inventories		3.89		2.55
Debt to Equity		—		0.45
Working Capital	$	4,436,800	$	1,379,400
Current Ratio		10.44		1.97
Shareholders' Equity	$	4,681,400	$	1,623,300

Philips' Gloeilampenfabrieken

(N.V. Philips' Gloeilampenfabrieken)

Groenewoudseweg 1
5621 BA Eindhoven, The Netherlands
31 -40-783495

(The Company is 99.99%-owned by N.V. Gemeenschappelijk Bezit van Aandeelen Philips' Gloeilampenfabrieken, which operates solely as the holding company for share capital of the Company.)

Supervisory Board: W. Dekker, chairman; A. Leysen, vice chairman; A. Jiskoot, secretary; D. Noordhof, N. Rodenburg, Sir Peter Carey, C. M. Mueller, P. Leenman, F. X. Ortoli, R. Rodenstock, F. Chapman, M. Kuilman.

Board of Management/Group Management Committee: C. J. van der Klugt, president & chairman of the Board of Management and the Group Management Committee; K. Hubee, v.p. and vice chairman of the Board of Management and the Group Management Committee; G. Jeelof, v.p. & vice chairman of the Board of Management and the Group Management Committee; F. F. Otten, v.p. and member of the Board of Management and the Group Management Committee; S. van Houten, G. Lorenz, members of the Board of Management and the Group Management Committee; H. H. A. Appelo, member of the Group Management Committee & Group Director-Accounting; W. de Kleuver, member of the Group Management Committee & chairman of the Senior Management of the Components Division; J. D. Timmer, member of the Group Management Committee & chairman of the Senior Management of the Consumer Electronics Division; J. H. Goris, member of the Group Management Committee & Group Director-Finance; J. J. Tuyt, member of the Group Management Committee.

Areas of Work: The Company manufactures and distributes products in the areas of Lighting; Consumer Electronics; Domestic Appliances; Professional Products and Systems; Components; and Miscellaneous.

Lighting products include incandescent, halogen, and automobile lamps; high- and low-pressure gas-discharge lamps and ballasts; luminaires and lighting electronics; lighting projects; batteries; glass, diamond drawing dies, wire and other components.

Consumer Electronics products include television and radio receivers; monitors; audio and video recorders; video camera recorders; audio and video cassettes; playback equipment for sound and vision; sound and vision carriers; home computers, videotex terminals and other home interactive systems; and hearing aids.

Domestic Appliances include washing machines and dryers; dishwashers; refrigerators and freezers; cookers; microwave ovens; fitted kitchen equipment; vacuum cleaners; electric irons; food preparation machines, food processors, mixers and other small kitchen appliances; coffee makers and toasters; deep-fat friers and grills; fan and heaters; clocks; and electric shavers, hair dryers, solaria and other personal care products.

Professional Products and Systems include telecommunications systems; cable products and systems; defense systems; road, water and air traffic control systems; ground weather stations; mobile radios; dictation machines; office automation and communication systems; medical systems for diagnosis and therapy; analytical equipment; electronic test and measuring instruments; products and systems for factory automation and process automation; automation projects; audio-visual communication systems; electronic security systems; and machines and tools.

Components include picture tubes and television glass; integrated circuits and discrete semiconductors; passive components and materials; special tubes and professional components; optical and magnetic data storage products; display products; glass, metal and plastic components; and printed circuit boards.

Miscellaneous products include brush products and plastics products; and electrical parts.

The Company also engages in extensive research and development activities.

Subsidiaries (The Netherlands):

Nederlandse Philips Bedrijven B.V.
Philips Telecommunicatie en Data Systemen Nederland B.V.
Hollandse Signaalapparaten B.V. (99%-owned)
Philips International B.V.
Philips Export B.V.
Philips Lighting Holding B.V.
Philips Lighting B.V.
Philips Medical Systems International B.V.
Philips Medical Systems Nederland B.V.
Polygram N.V. (90%-owned)
Polygram Nederland B.V.
Philips and Du Pont Optical Company (50%-owned)
Whirlpool International B.V. (47%-owned)
AT&T Network Systems International B.V. (40%-owned)

Subsidiaries (U.S.A.):

FGP Corporation
North American Philips Corporation
Laser Magnetic Storage International Company (51%-owned)
OptImage Interactive Services Company (50%-owned)
U.S. Philips Corporation
Philips Medical Systems North America, Inc.
Polygram Records, Inc. (90%-owned)

Subsidiaries (Canada):

Philips Canada Ltd.
Philips Electronics Ltd.

Stock Exchange(s): Amsterdam, New York, Tokyo

Ticker Symbol: PHG (New York)

Number of Employees: *

1988	310,000
1987	337,000
1986	344,000
1985	346,000
1984	344,000

* Includes the entire Philips Group.

Sales & Earnings

		Net Sales (000's)		Net Income † (000's)
1988	f	56,079,000	f	1,056,000
1987		52,715,000		818,000
1986		55,037,000		1,015,000
1985		60,045,000		919,000
1984		53,804,000		1,113,000

	No. of Com. Shares		Earn. per Share † ‡
1988	259,900,000	f	4.12
1987	255,300,000		3.33
1986	232,500,000		4.39
1985	226,500,000		4.26
1983	190,800,000		3.45

f - guilder.
† Including extraordinary gains of f525,000,000 (f2.06 per share) in 1988 and f279,000,000 (f1.09 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

		1988		1987
Lighting	f	6,910,000	f	6,481,000
Consumer elec.		18,227,000		16,534,000
Domestic appliances		6,762,000		6,331,000
Professional prods. & syst.		15,084,000		14,336,000
Components		7,792,000		7,345,000
Miscellaneous		1,304,000		1,688,000
Total	f	56,079,000	f	52,715,000

Common Stock

		Cash Dividend	Stock Dividend	Stock Split
1988	f	2.00	—	—
1987		2.00	—	
1986		2.00	—	—
1985		2.00	—	—
1984		2.00	—	—

Common Stock Equity

		Total Equity (000's)		Equity Per Share
1988	f	16,540,000	f	64.16
1987		15,514,000		60.78
1986		15,858,000		68.20
1985		16,151,000		71.30
1984		16,964,000		79.54

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31		1988		1987
Net sales	f	56,079,000	f	52,715,000
Cost of sales		42,263,000		39,693,000
Expenses:				
Selling		10,516,000		9,861,000
Gen. & adm.		1,187,000		1,166,000
Other income		(315,000)		(180,000)
Gearing adjust.		(353,000)		(273,000)
Interest expense		1,971,000		1,701,000
Income before taxes	f	810,000	f	747,000
Income taxes		316,000		209,000
Eq. in inc. of unconsol. cos.		(123,000)		(42,000)
Share of other group capital		86,000		41,000
Net Income	f	531,000	f	539,000
Extraord. gain		525,000		279,000
Net Income & extraord. gain	f	1,056,000	f	818,000

* Included in Costs and Expenses, Depreciation: f2,7701,000,000 in 1988 and f2,752,000,000 in 1987.

Assets
(000's)

As of Dec. 31		1988		1987
Cash	f	276,000	f	383,000
Marketable securities		9,000		9,000
Accts. receiv., net		2,157,000		1,779,000
Current Assets	f	2,442,000	f	2,171,000
Investments		22,780,000		21,141,000
#Fixed assets		505,000		499,000
Other assets		678,000		536,000
Total Assets	f	26,405,000	f	24,347,000

Liabilities
(000's)

Long-term debt, curr.	f	654,000	f	644,000
Accts. payable		1,056,000		158,000
Accruals		167,000		185,000
Debentures		248,000		113,000
Private financing		3,000		44,000
Institutional fin.		768,000		1,195,000
Curr. Liabilities	f	2,896,000	f	2,339,000

Long-term provisions		492,000		555,000
Short-term provisions		12,000		11,000
Long-term liabilities		6,465,000		5,928,000
+Common stock		2,599,000		2,553,000
Add. paid-in capital		2,474,000		2,416,000
Revaluation surplus & reserves		7,428,000		6,687,000
Other reserves		4,039,000		3,858,000
Total Liabilities & Shareholders' Equity	f	26,405,000	f	24,347,000

* At lower of cost or net realizable value.
# Less accumulated depreciation.
+ f10 par value.

Statistical Summary

%Income bef. Taxes to Sales		1.44		1.42
%Net Income to Sales		0.95		1.02
%Net Income to Equity		3.21		3.47
Shareholders' Equity (000's)	f	16,540,000	f	15,514,000

Photographic Sciences Corporation

770 Basket Road
P.O. Box 338
Webster, New York 14580
(716) 265-1600

Officers: Robert S. Ehrlich, chairman & chief exec. officer; L. Michael Hone, president & chief operating officer; Jay Eastman, exec. v.p.; David A. Kostizak, v.p., secretary & treasurer; John A. Boles, v.p.-engineering.

Directors: Robert S. Ehrlich, chairman; A. R. Solomon, Milton P. Axelrod, Donald K. Hess, L. Michael Hone.

Areas of Work: Manufactures and distributes technology-based products principally for bar code instrumentation and instrumentation associated with automatic test equipment. The Company conducts its business through three operating units. The Photographic Sciences unit designs, manufactures and markets film masters, bar code verifiers, laser diode bar code scanners, form slides and computer graphics equipment. The Techtran unit operates in the automatic test equipment field, producing switching systems, digital data recorders and interface assemblies for bar code scanners and decoders. The Metrology unit designs and manufactures surface profilers for measuring defects on the surfaces of optical elements, computer hard disks and finely polished surfaces.

Subsidiaries:

Photographic Sciences International Sales Corporation
Photographic Sciences GmbH
Photographic Sciences (Bar Code Products) Limited
Photographic Sciences International Limited
Photographic Sciences (U.K.) Limited

Techtran, Inc.
200 Commerce Drive
Rochester, New York 14623
(716) 334-9640
Manufactures digital data recording equipment, reed relay switching systems and automatic test equipment systems.

Optel Systems Inc.
Rochester, New York
Manufactures laser diode scanners used to collect data by scanning bar codes printed on labels, tags, containers and other materials.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Rochester, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PSCX (NASDAQ)

Number of Employees:

1988 114   1986 141
1987 . . . . N.A.

Plant Footage:

1988 . . . . 28,200 sq. ft.   1986 42,000
1987 . . . . N.A.

N.A. - Not Available.

Sales & Earnings

		Net Sales +		Net Income †
12/31/88	$	10,137,000	$	(180,660)
12/31/87		8,808,000		(3,842,889)
12/31/86		5,652,263		(571,921)
12/31/85*		1,622,703		120,096
6/30/85		2,744,731		(134,371)

	No. of Com. Shares ‡		Earn. per Share † ‡
12/31/88	4,468,538	$	—
12/31/873	3,826,845		—
12/31/86	2,369,949		—
12/31/85*	2,061,102		0.06
6/30/85	2,012,932		0.07

(Loss)
* 6 months.
+ Of continuing operations only.
† Including extraordinary gains of $35,000 ($0.02 per share) in the period ending December 31, 1985 and $272,750 ($0.14) per share in the year ending June 30, 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

		Total Equity		Equity Per Share ‡
12/31/88	$	2,680,807	$	0.60
12/31/87		2,514,731		0.66
12/31/86		3,168,525		1.34
12/31/85		1,243,453		0.60
6/30/85		961,677		0.48

(Deficiency)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31		1988		1987
Net sales	$	10,136,695	$	8,807,768
Cost of sales		6,101,437		5,336,003
Expenses		3,822,146		4,455,378
Retire. agreement		—		883,000
Gain on sale of bldg.		(61,597)		—
Interest income		(13,505)		(118,064)
Interest expense		13,505		118,064
Other expense (income)		24,777		(1,670)
Loss on sale of note receiv.		—		373,955
Loss from cont. oper.	$	(118,054)	$	(2,543,025)
Loss from discont. oper.		(62,606)		(1,299,864)
Net Loss	$	(180,660)	$	(3,842,889)

* Included in Costs and Expenses, Depreciation and Amortization: $437,081 in 1988 and $489,979 in 1987.

Assets

As of Dec. 31		1988		1987
Cash & cash equiv.	$	258,480	$	543,463
Accts. receiv., net		1,530,735		1,784,358
*Inventories		1,187,380		1,094,713
Prepaid expenses		64,081		44,581
Assets - discont. oper.		226,824		290,552
Current Assets	$	3,267,500	$	3,757,667
#Fixed assets		1,071,774		1,584,530
Other assets		190,805		260,860
Intangibles		3,628,259		3,763,180
Assets - discont. oper.		—		116,529
Total Assets	$	8,158,338	$	9,482,766

Liabilities

Long-term debt, curr.	$	373,232	$	477,692
Accts. payable		1,230,788		1,092,855
Accruals		574,490		831,141
Other curr. liab.		329,354		252,271
Liab. - discont. oper.		144,122		177,132
Curr. Liabilities	$	2,651,986	$	2,831,091
Long-term debt		2,534,925		3,416,429
Other liabilities		290,620		720,515
+Common stock		45,030		43,723
Add. paid-in capital		10,058,668		9,713,239
Retained earnings (deficit)		(7,422,891)		(7,242,231)
Total Liabilities & Shareholders' Equity	$	8,158,338	$	9,482,766

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories		8.54		8.05
Debt to Equity		1.08		1.55
Working Capital	$	615,514	$	926,576
Current Ratio		1.23		1.33
Shareholders' Equity	$	2,680,807	$	2,514,731

Pico Products, Inc.

103 Commerce Boulevard
Liverpool, New York 13088
(315) 451-7700

Officers: Bernard K. Hitchcock, chairman & chief exec. officer; George M. Knapp, president & chief operating officer; James D. O'Connell, exec. v.p.; Ralph H. Yahn, chief financial officer, secretary & treasurer..

Directors: Bernard K. Hitchcock, chairman; George M. Knapp, James D. O'Connell, Peter E. Rhodes, J. Michael Sills, Walter R. Woods.

Areas of Work: Designs, manufactures, imports and markets a wide range of products which receive, distribute, and secure telecommunications signals. Products include cable and video accessories, satellite systems for home and commercial applications, and Pay TV security devices.

Divisions:

Home Satellite Division
Manufactures products for the home satellite reception market.

Printed Circuit Board Division
Produces single- and double-sided printed circuit boards.

Microwave Components Division

Subsidiaries:

Pico Macom, Inc.
12500 Foothill Boulevard
Lakeview Terrace, California 91342

Pico Macom Taiwan, Ltd.
Room 706, No. 136
Sec. 3 Jen-Ai Road
Taipei, Taiwan, R.O.C.

Pico (St. Kitts) Limited
P.O. Box 328
Pond Industrial Estate
Basseterre, St. Kitts, West Indies

Pico (St. Vincent) Limited
Campden Park Industrial Estate
Saint Vincent, West Indies

Pico Korea, Ltd.
Room 202, Santa Bldg., #97
Ta-Dong, Chung-Ku
Seoul, Korea

264 Samjung-Dong
Bucheon-City
Kyungki Province, Korea

Pico Cargo, Inc.
Pico Satellite, Inc.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
P.O. Box 1250
20 Clinton Avenue South
Rochester, New York 14603

Stock Exchange(s): American

Ticker Symbol: PPI

Number of Employees:

1988 .... 680 1986 357
1987 644

Plant Footage:

1988 .... 156,280 sq. ft. 1986 215,000
1987 209,000

Sales & Earnings

		Net Sales		Net Income †
1988	$	33,781,000	$	(687,000)
1987		32,073,000		430,000
1986		25,778,000		(2,549,000)
1985		23,849,000		(8,813,000)
1984		19,899,000		207,000

	No. of Com. Shares ‡		Earn. per Share † ‡
1988	3,539,000	$	—
1987	3,541,000		0.12
1986	3,519,000		—
1985	3,512,000		—
1984	3,553,000		0.06

(Loss)
† Including extraordinary gain of $39,000 ($0.01 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

		Total Equity		Equity Per Share
1988	$	12,816,000	$	3.62
1987		13,544,000		3.85
1986		13,125,000		3.73
1985		15,677,000		4.45
1984		24,466,000		6.99

Income Account *

Year ended July 31		1988		1987
Net sales	$	33,780,620	$	32,073,422
Cost of sales		26,673,305		23,190,627
Expenses		7,625,382		8,291,044
Unusual charges		989,302		—
Other expense (income)		(301,168)		161,864
Income (loss) before taxes	$	(1,206,201)	$	429,887
Income taxes		—		39,000
Net Income (Loss)	$	(1,206,201)	$	390,887
Extraord. gain		—		39,000
Cum. effect of acct. change		519,527		—
Net Income (Loss) & extraord. gain	$	(686,674)	$	429,887

* Included in Costs and Expenses, Depreciation and Amortization: $1,135,348 in 1988 and $1,052,132 in 1987.

Assets

As of July 31		1988		1987
Cash	$	921,698	$	323,457
Accts. receiv., net		3,136,173		4,355,934
*Inventories		10,134,964		7,743,311
Prepaid expenses		690,163		440,904
Current Assets	$	14,882,998	$	12,863,606
#Fixed assets		6,175,056		6,051,074
Patents & licenses		1,349,610		1,155,113
Intangibles		440,293		469,165
Other assets		663,108		528,814
Total Assets	$	23,511,065	$	21,067,772

Liabilities

Note payable	$	3,189,725	$	2,560,923
Long-term debt, curr.		358,518		626,495
Accts. payable		2,691,905		2,722,467
Accrued payroll		573,546		266,825
Accrued commissions		33,724		32,373
Accrued interest		17,224		11,086
Curr. Liabilities	$	6,864,642	$	6,220,169
Long-term debt		3,829,978		1,303,316
+Common stock		35,392		35,191
Add. paid-in capital		21,454,247		21,413,934
Retained earnings (deficit)		(8,570,812)		(7,884,138)
Cum. trans. adjust.		(102,382)		(20,700)
Total Liabilities & Shareholders' Equity	$	23,511,065	$	21,067,772

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales		—		1.34
%Net Income to sales		—		1.22
%Net Income to Equity		—		2.89
Sales to Inventories		3.33		4.14
Debt to Equity		0.58		0.33
Working Capital	$	8,018,356	$	6,643,437
Current Ratio		2.17		2.07
Shareholders' Equity	$	12,816,445	$	13,544,287

Pioneer Electronic Corporation

4-1, Meguro 1-chome
Meguro-ku, Tokyo 153, Japan
(03) 494-1111

Officers: Seiya Matsumoto*, president & representative director; Kanya Matsumoto*, executive v.p. & representative director; Takeo Yamamoto, senior managing director; Kiichi Yoshida, senior managing director; Teruhiko Isobe, senior managing director; Keiichi Yanagisawa, managing director; Masaru Inagaki, managing director; Kaneo Ito, managing director; Masaaki Sono, director; Akitaka Kato, director; Shigeyoshi Yanagi, director; Norio Ichimura, director; Tsuneo Kudo, director; Kenichi Hakoyama, director; Ryuichi Noda, director.

* Member of the Executive Committee

Areas of Work: The Company manufactures and markets electronics products in four product groups: Audio Products, Video Products, Car Electronics Products, and Other. Audio Products include stereo component systems, receivers, amplifiers, tuners, turntables, compact disc and multi-play CD players, digital audio tape and cassette decks, speaker systems, CDs and CDVs. Video Products include LD/CD/CDV and LD players, LaserVision discs, projecton and TV monitor-receivers, color monitors, video-cassette recorders, and DBA systems. Car Electronics Products include component-type and combination car stereos, in-car compact disc players, car speakers and personal communications transceivers. Other products include cable-TV systems-related equipment, loudspeakers for other manufacturers, dictating machines, telephone-answering devices and other telephone-related equipment, and tape playback equipment for children.

Subsidiaries (North America):

Pioneer Electronics (USA) Inc.
2265 East 220th Street
P.O. Box 1720
Long Beach, California 90801-1720
(213) 835-6177
Distributes audio and video products in the U.S.

Pioneer Laser Entertainment, Inc.
California
Distribution of Pioneer LD-related entertainment equipment.

Pioneer Electronics Technology, Inc.
California
Manufacture of Pioneer audio and video products.

Pioneer Video Manufacturing Inc.
California
Manufacture of LaserVision discs.

Laser-Disc Corporation of America
California
Engages in the acquisition of LaserVision disc programs and the sale of LaserVision discs.

Pioneer Communications of America, Inc.
New Jersey
Engages in the sale of industrial-use products, such as special LaserVision systems, and equipment related to cable-TV systems.

Pioneer Industrial Components, Inc.
Ohio
Markets car electronics products to automobile manufacturers and, along with loudspeaker units, to others.

Pioneer Electronics of Canada, Inc.
Ontario, Canada

Subsidiaries (Japan):

LaserDisc Corporation
Tokyo, Japan
Planning and production of programs for, and the distribution of, LaserVision discs.

Pioneer Ansafone Manufacturing Corporation
Saitama, Japan
Manufacture and distribution of telephone-related equipment.

Tohoku Pioneer Electronic Corporation
Yamagata, Japan
Manufacture of Pioneer car-electronics products.

Pioneer Video Corporation
Yamanashi, Japan
Manufacture of LD players and discs.

Pioneer Precision Machinery Corporation
Saitama, Japan
Manufacture of parts for Pioneer products.

Hiwada Electronic Corporation
Fukushima, Japan
Manufacture of parts for Pioneer products.

TECHNO Corporation
Shizuoka, Japan
Manufacture of Pioneer audio products.

Pioneer Electronic Corporation

Transfer Agent(s):

The Toyo Trust & Banking Co., Ltd.
4-3, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100, Japan

Depositary and Registrar (for American Depositary Receipts):

American Depositary Receipts Department
Chemical Bank
55 Water Street
New York, New York 10041 U.S.A.

Custodian (for American Depositary Receipts):

The Bank of Tokyo, Ltd.
6-3, Nihombashi Hongoku-cho 1-chome
Chuo-ku, Tokyo 103, Japan

Stock Exchange(s): Tokyo, New York, Amsterdam, Luxembourg, Osaka.

Ticker Symbol: PIO (New York Stock Exchange--ADR)

Number of Employees:

1987	12,745
1986	12,437
1985	12,522
1984	11,961
1983	11,707

Sales & Earnings

	Net Sales (millions)	Net Income † (millions)
1988	¥ 404,046	¥ 18,409
1987	365,562	11,337
1986	347,006	5,369
1985	341,080	(2,453)
1984	320,274	8,074

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	151,248,000	¥ 121.76
1987	151,248,000	74.96
1986	151,248,000	35.50
1985	150,886,000	—
1984	142,448,000	56.68

(Loss)
¥ - Yen
† Including extraordinary gains of ¥ 1,678,000,000 (¥ 11.09 per share) in 1988, ¥ 1,224,000,000 (¥ 8.10 per share) in 1987, ¥ 1,290,000,000 (¥ 8.53 per share) in 1986, 1,016,000,000 in 1985 and ¥ 1,156,000,000 (¥ 8.11 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1988	1987
Audio products	¥ 152,090	¥ 138,127
Video products	105,611	82,075
Car electronics products	120,859	120,367
Other	25,486	24,993
Total	¥ 404,046	¥ 365,562

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	¥ 20.00	—	—
1987	16.36	—	
1986	10.91	—	—
1985	10.94	—	—
1984	20.66	—	—

Common Stock Equity

1988	¥ 179,748	¥ 1,188.43
1987	166,530	1,101.04
1986	157,450	1,041.01
1985	156,575	1,037.70
1984	143,808	1,009.55

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(millions)

Year ended Sept. 30	1988	1987
Net sales	¥ 404,046	¥ 365,562
Other income	6,128	5,279
Total income	¥ 410,174	¥ 370,841
Cost of sales	258,330	235,455
Expenses	106,197	100,937
Interest expense	2,815	3,132
Other expense	6,673	7,148
Income before taxes	¥ 36,159	¥ 24,169
Income taxes	20,033	14,530
Eq. in earn. of affil. cos.	(605)	(474)
Net Income	¥ 16,731	¥ 10,113
Extraord. gain	1,678	1,224
Net Income & extraord. gain	¥ 18,409	¥ 11,337

* Included in Costs and Expenses, Depreciation: ¥ 13,169,000,000 in 1988 and ¥ 12,521,000,000 in 1987.

Assets
(millions)

As of Sept. 30	1988	1987
Cash & time deposits	¥ 60,531	¥ 33,307
Assets purch. under agree. to resell	16,994	40,229
Marketable securities	1,403	1,120
Accts. receiv., net	70,705	61,425
*Inventories	61,824	57,658
Inc tax prepayments	8,531	7,856
Prepaid expenses	8,399	8,021
Current Assets	¥ 228,387	¥ 209,616
Market. equity securities	7,906	7,081
Investments & advances	13,209	11,885
Long-term receiv.	90	116
#Fixed assets	60,820	57,538
Other assets	7,115	6,139
Total Assets	¥ 317,294	¥ 292,375

Liabilities
(millions)

Bank loans	¥ 49,415	¥ 47,429
Notes payable	23,591	21,126
Accured taxes	12,057	8,932
Accrued payroll	10,167	9,651
Other accruals	20,889	18,117
Dividends payable	3,025	2,475
Other current liabilties	9,054	6,421
Curr. Liabilities	¥ 128,198	¥ 114,151
Long-term debt	3,671	7,178
Accrued severance indemnities	5,127	4,097
Minority interest	550	419
+Common stock	15,779	15,779
Add. paid-in capital	47,902	47,902
Legal reserve	2,785	2,442
Retained earnings	121,685	106,644
Cum. trans. adjust.	(8,403)	(6,237)
Total Liabilities & Shareholders' Equity	¥ 317,294	¥ 292,375

* At cost or less, not in excess of market, by the average cost method.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. taxes to Sales	8.95	6.61
%Net Income to Sales	4.14	2.77
%Net Income to Equity	9.31	6.07
Sales to Inventories	6.54	6.34
Debt to Equity	0.43	0.45
Working Capital (000's)	¥ 100.189,000	¥ 95,465,000
Current Ratio	1.78	1.84
Shareholders' Equity (000's)	¥ 179.748,000	¥ 166.530,000

Pioneer-Standard Electronics, Inc.

4800 East 131st Street
Cleveland, Ohio 44105
(216) 587-3600

Officers: Preston B. Heller, Jr., chairman & chief executive officer; James L. Bayman, president & chief operating officer; Lawrence R. Cowin, Jr., vice president-finance & administration, treasurer & asst. secretary; Janice M. Margheret, v.p. & controller; Gerald J. Buddenbaum, v.p.-sales & branch operations; Arthur Rhein, v.p.-marketing; William A. Papenbrock, secretary.

Directors: Preston B. Heller, Jr., chairman; Victor Gelb, Edwin Z. Singer, Frederick A. Downey, James L. Bayman, Thomas C. Sullivan, Lawrence R. Cowin, Jr., Karl E. Ware, Gordon E. Heffern.

Areas of Work: Distributes industrial and consumer electronic components, primarily east of the Rocky Mountains.

Divisions:

Pioneer/Mid-American Division
4433 Interpoint Boulevard
Dayton, Ohio 45424
(513) 236-9900

Distributes industrial-type electronic components to manufacturers, research laboratories, schools, governmental agencies, and other users.

Pioneer/Northeast Division
60 Crossways Park West
Woodbury, New York 11797

Affiliate:

Pioneer Technologies Group, Inc.
(50% owned)
9100 Gaither Road
Gaithersburg, Maryland 20760
(301) 948-0710

Distributes industrial-type electronic components to manufacturers, research laboratories, schools, governmental agencies, and other users.

Acquisition:

Compumech Electronics, Inc.
Los Alamitos & Milpitas, California

Engaged in application engineering and the marketing of power supplies, power conditioning equipment and uninterruptible power supplies to West Coast customers.

Transfer Agent(s):

AmeriTrust Company N.A.
P.O. Box 6477
Cleveland, Ohio 44114

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PIOS (NASDAQ)

Number of Employees:

1989	936
1988	860
1987	837
1986	936
1985	1,042

Sales & Earnings

	Net Sales +	Net Income
1989	$ 302,308,000	$ 6,722,000
1988	254,581,000	5,203,000
1987	212,234,000	462,003
1986	186,805,000	(2,072,629)
1985	215,743,000	3,671,093

	No. of Com. Shares #	Earn. per Share #
1989	5,402,000	$ 1.24
1988	5,402,000	0.96
1987	5,402,000	0.09
1986	5,402,000	—
1985	5,402,000	0.68

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1989	$ 0.13	—	—
1988	0.12	—	
1987	0.12	—	—
1986	0.12	—	—
1985	0.118	—	2-for-1

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1989	$ 39,807,000	$ 7.37
1988	33,787,000	6.25
1987	29,232,277	5.41
1986	29,418,506	5.45
1985	32,139,367	5.95

# Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended March 31	1989	1988
Net sales	$ 302,308,000	$ 254,581,000
Cost of sales	233,266,000	194,283,000
Expenses	52,451,000	47,395,000
Oper. profit	$ 16,591,000	$ 12,903,000
Eq. in earn. of 50% - owned co.	(100,000)	(851,000)
Interest expense	5,601,000	5,196,000
Inc. bef. taxes	$ 11,090,000	$ 8,558,000
Income taxes	4,576,000	3,355,000
Inc.-cont. oper.	$ 6,514,000	$ 5,203,000
Inc.-discont. oper.	208,000	—
Net Income	$ 6,722,000	$ 5,203,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,762,000 in 1989 and $2,783,000 in 1988.

Assets

As of March 31	1989	1988
Cash	$ 3,157,000	$ 3,354,000
Accts. receiv., net	44,232,000	41,517,000
*Inventories	61,084,000	58,391,000
Prepaid expenses	521,000	268,000
Deferred inc. taxes	1,793,000	1,694,000
Assets of discont. oper.	—	438,000
Current Assets	$ 110,787,000	$ 105,662,000
Investments & other assets	9,129,000	9,029,000
#Fixed assets	13,265,000	12,225,000
Total Assets	$ 133,181,000	$ 126,946,000

Liabilities

Notes payable	$ 2,000,000	$ —
Long-term debt, curr.	306,000	250,000
Accts. payable	27,854,000	25,149,000
Income taxes	1,437,000	1,700,000
Accrued payroll	3,065,000	3,370,000
Other accruals	3,267,000	3,285,000
Liab. of discont. oper.	—	2,280,000
Curr. Liabilities	$ 37,929,000	$ 36,034,000
Long-term debt	54,381,000	56,081,000
Def. inc. taxes	1,064,000	1,044,000
+Common stock	5,402,000	5,402,000
Add. paid-in capital	1,326,000	1,326,000
Retained earnings	33,079,000	27,059,000
Total Liabilities & Shareholders' Equity	$ 133,181,000	$ 126,946,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $1 stated value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.36
%Net Income to Sales	—	2.04
%Net Income to Equity	16.89	15.40
Sales to Inventories	4.95	4.36
Debt to Equity	1.42	1.67
Working Capital	$ 72,858,000	$ 49,628,000
Current Ratio	2.92	1.89
Shareholders' Equity	$ 39,807,000	$ 33,787,000

Pitney Bowes Inc.

Stamford, Connecticut 06926-0700
(203) 356-5000

Officers: George B. Harvey, chairman, president & chief exec. officer; Steven J. Green, v.p. & controller; Marc C. Breslawsky, pres.-Dictaphone Corporation; Carmine F. Adimando, v.p.-finance & administration and treasurer; Allan A. Crystal, v.p.-corp. taxes; Paul Reece, v.p.-corp. engineering & technology; Michael J. Critelli, v.p., secretary & general counsel; Hiro R. Hiranandani, president-Pitney Bowes Business Systems, International; James L. Bast, pres.-Pitney Bowes Business Systems, U.S.; Douglas A. Riggs, v.p.-corp. communications; John J. Canning, pres.-Pitney Bowes Financial Services; Carole F. St. Mark, pres.-Pitney Bowes Business Supplies and Services; John N.D. Moody, v.p.-corp. planning & development; Anne Pol, v.p.-personnel.

Directors: George B. Harvey, chairman; Colin G. Campbell, Donald W. Davis, John C. Emery, Jr., Charles E. Hugel, David T. Kimball, Denis F. Mullane, Eleanor Holmes Norton, Phyllis Shapiro Sewell, Frederick C. Smith, Arthur R. Taylor, Julia M. Walsh.

Areas of Work: The Company manufactures, markets and services products in three industry segments: business equipment, business supplies, and financial services.

The business equipment segment provides postage meters and mailing systems, shipping and weighing systems, copiers and copier supplies, facsimile systems, and voice processing systems.

The business supplies segment provides retail price marking, product identification, and security equipment and supplies through Monarch Marking Systems, Inc. and Data Documents Systems; and business forms and office and computer supplies sold through catalogs from Wheeler Group Inc. and Baldwin Cooke Company

The financial services segment provides leasing and financing for equipment manufactured or sold by Pitney Bowes as well as for products not manufactured or sold by Pitney Bowes.

Operating Units:

Pitney Bowes Business Systems--U.S.

LPC, Inc.

Pitney Bowes Business Systems--International

Pitney Bowes Ges.m.b.H., Austria
Pitney Bowes of Canada Ltd.
Pitney Bowes Oy, Finland
Pitney Bowes Duetschland GmbH
Dodwell Pitney Bowes K.K., Japan
Pitney Bowes Svenska Aktiebolag, Sweden
Pitney Bowes A.G., Switzerland
Pitney Bowes plc, U.K.
Remington Pty. Ltd. (Australia)
Pitney Bowes (Ireland) Limited
Pitney Bowes Italia S.r.l.

Pitney Bowes Facsimile Systems

Pitney Bowes Business Supplies and Services

Monarch Marking Systems, Inc., U.S.
Monarch Marking Systems Australia Pty. Ltd.
Monarch Marking Systems Ltd., Canada
Monarch Marking Systems de Mexico, S.A. de C.V.
Monarch Marking (S.E.A.) Pte. Ltd., Singapore
Pitney Bowes Marking Systems Ltd., U.K.
Pitney Bowes France S.A.
Baldwin Cooke Inc., U.S.
Baldwin Cooke Company Ltd., Canada
Wheeler Group Inc., U.S.
Data Documents Systems, Inc., U.S.
Pitney Bowes Management Services

Pitney Bowes Financial Services

Pitney Bowes Credit Corporation, U.S.
Colonial Pacific Leasing Corporation, U.S.
PB Leasing Limited, U.K.
Pitney Bowes Canada Ltd.-Leasing Division
Adrema Leasing Corporation, West Germany
Pitney Bowes Real Estate Financing Corporation

Voice Processing Systems

Dictaphone Corporation, U.S.
Dictaphone Canada Ltd.
Dictaphone International A.G., Switzerland
Dictaphone Company Limited, U.K.

Transfer Agent(s):

Manufacturers Hanover Trust Company
(common, preference, and preferred)
Equity Services
450 West 33rd Street, 15th Floor
New York, New York 10001-2697

Stock Exchange(s): New York, Midwest*, Philadelphia*, Boston* * Unlisted trading privileges.

Ticker Symbol: PBI

Number of Employees:

1988	29,316	1985	28,995
1987	29,460	1984	27,976
1986	29,166		

Sales & Earnings x

	Revenues +	Net Income
1988	$ 2,649,883,000	$ 243,358,000
1987	2,331,070,000	199,448,000
1986	2,049,013,000	167,924,000
1985	1,846,586,000	150,357,000
1984	1,710,720,000	138,171,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	78,999,668	$ 3.08
1987	78,928,829	2.53
1986	79,224,699	2.12
1985	79,127,040	1.90
1984	78,732,842	1.76

x Restated to reflect the consolidation of all majority-owned subsidiaries.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Business equip.:		
Mailing systems	$ 1,415,200	$ 1,212,700
Copying systems	273,300	246,300
Voice processing systems	267,500	266,900
Business supplies & serv.	328,000	309,300
Financial services	365,900	295,900
Total	$ 2,649,900	$ 2,331,100

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.92	—	—
1987	0.76	—	
1986	0.66	—	—
1985	0.60	—	2-for-1
1984	0.52	—	—

+ Adjusted to reflect stock split.

Common Stock Equity x

	Total Equity †	Equity Per Share ‡
1988	$ 1,262,286,000	$ 16.16
1987	1,035,756,000	13.56
1986	900,799,000	11.69
1985	781,604,000	10.35

x Restated.
† After allowing for preferred stock at stated values.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Revenues	$ 2,649,883	$ 2,331,070
Cost of sales	890,106	795,041
Expenses	1,234,999	1,101,910
Interest expense	166,178	130,372
Interest income	(5,602)	(12,907)
Income before taxes	$ 364,202	$ 316,654
Income taxes	127,159	121,365
Income from cont. oper.	$ 237,043	$ 195,289
Income from discont. oper.	6,315	4,159
Net Income	$ 243,358	$ 199,448

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $166,157,000 in 1988 and $139,717,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash & cash equiv.	$ 45,142	$ 82,324
Short-term invest.	569	15,190
Accts. receiv., net	370,490	365,740
Finance receivables	690,813	553,828
*Inventories	372,574	381,175
Other curr. assets	39,707	33,934
Current Assets	$ 1,519,295	$ 1,432,191
#Fixed assets	465,133	441,593
#Rental equip.	526,937	426,655
Prop. under cap. leases	25,708	28,693
Finance receivables	2,063,818	1,997,639
Intangibles	72,391	58,825
Other assets	115,080	32,715
Total Assets	$ 4,788,362	$ 4,018,311

Liabilities
(000's)

Long-term debt, curr.	$ 1,106,347	$ 899,903
Accts. payable & accruals	446,404	401,267
Income taxes	36,665	48,554
Advance billings	263,654	228,854
Curr. Liabilities	$ 1,853,070	$ 1,578,578
Long-term debt	1,059,157	850,656
Cap. lease oblig.	42,637	47,219
Deferred inc. taxes	564,321	496,542
+Preferred stock	284	316
++Preference stock	6,607	9,244
+++Common stock	160,964	158,869
Add. paid-in capital	142,896	116,416
Retained earnings	1,017,896	846,593
Cum. trans. adjust.	15,644	11,745
Treasury stock	(75,114)	(97,867)
Total Liabilities & Shareholders' Equity	$ 4,788,362	$ 4,018,311

‡ Restated.
* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $50 par value; 4% convertible.
++ No par value; $2.12 convertible.
+++ $2 par value.

Statistical Summary

%Net Income to Equity	19.17	19.08
Debt to Equity	1.74	1.72
Shareholders' Equity	$ 1,269,177,000	$ 1,045,316,000

Plantronics, Inc.

1762 Technology Drive
Suite 225
San Jose, California 95110
(408) 998-8388

Officers: Neil J. Hynes, president & chief executive officer; Robert Lee, v.p.-human resources; John Tymoczko, Jr., v.p.-strategic planning; Thomas W. Stuart, v.p., controller & secretary; Dan L. Kinney, group v.p.; Thomas A. Blinn, sr. v.p.; Carlos E. Garner, v.p.-manufacturing & operations; Robert J. Bernardi, v.p.-engineering & development; Albert P. Pepper, v.p.-sales & marketing; Susan B. Tomley, general counsel & asst. secretary; Mary A. Starkey, asst. controller & asst. secretary.

Directors: Alan B. Simpkins, Trude C. Taylor, Weldon B. Gibson, Stanley F. Damkroger, Clifford A. Warren, Neil J. Hynes, J. Sidney Webb.

Areas of Work: Manufacture and distribution of lightweight telecommunications headsets, computer controlled data switching systems, telephone transmission products, visual data terminals, data communications products and automated test and measurement equipment for electronic product manufacturers.

Divisions and Subsidiaries:

Frederick Electronics Corporation
P.O. Box 502
7630 Hayward Road
Frederick, Maryland 21701
(301) 662-5901
Produces solid data switching systems and data communications equipment.

Kentrox Industries, Inc.
14375 N.W. Science Park Drive
Portland, Oregon 97229
(503) 643-1681
Develops and manufactures telephone signal conditioning equipment.

Plantronics/Santa Cruz
345 Encinal Street
Santa Cruz, California 95060
(408) 426-5858

Wilcom Products, Inc.
Rt. 3, Daniel Webster Highway
P.O. Box 508
Laconia, New Hampshire 03246
(603) 524-2622
Telephone test and measurement equipment.

Plantronics Futurecomms, Inc.
P.O. Box 3159
7630 Haywood Road
Frederick, Maryland 21701
(301) 662-5901

Walker Equipment Corporation
Ringgold, Georgia

Plamex, S.A.
Tijuana, Mexico

Plantronics, A.G.
Wadenswil, Switzerland

Transfer Agent(s):

First Interstate Bank of California
405 Montgomery Street
San Francisco, California 94104

Stock Exchange(s): New York, Pacific

Ticker Symbol: PLX

Number of Employees:

1987	1,242
1986	1,569
1985	1,549
1984	1,588
1983	1,445

Sales & Earnings

	Net Sales +	Net Income
1987	$ 111,478,000	$ 9,134,000
1986	99,576,000	8,466,000
1985	88,407,000	5,558,000
1984	88,833,000	5,851,000
1983	80,165,000	8,291,000

	No. of Com. Shares #	Earn. per Share #
1987	6,250,000	$ 1.46
1986	6,397,000	1.32
1985	6,728,000	0.82
1984	6,589,000	0.89
1983	6,538,000	1.27

+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.16	—	—
1986	0.16	—	
1985	0.16	—	—
1984	0.16	—	—
1983	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 66,576,000	$ 10.65
1986	60,058,000	9.39
1985	52,050,000	7.74
1984	90,355,000	13.71
1983	83,671,000	12.86

Income Account *

Year ended	6/27/87	6/28/86
Net sales	$ 111,478,000	$ 99,576,000
Cost of sales	59,329,000	52,485,000
Expenses	35,374,000	31,754,000
Interest expense	1,546,000	1,113,000
Gain on sale of invest.	(282,000)	(3,414,000)
Loss on investment	—	2,244,000
Income before taxes	$ 15,511,000	$ 15,394,000
Income taxes	6,377,000	6,928,000
Net Income	$ 9,134,000	$ 8,466,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,301,000 in 1987 and $3,561,000 in 1986.

Assets

As of	6/27/87	6/28/86
Cash	$ 453,000	$ 959,000
Accts. receiv., net	30,120,000	28,325,000
* Inventories	33,621,000	35,529,000
Def. inc. taxes	2,560,000	1,829,000
Current Assets	$ 66,754,000	$ 66,642,000
# Fixed assets	20,663,000	21,756,000
Notes receiv.	5,992,000	392,000
Other assets	11,295,000	12,393,000
Total Assets	$ 104,704,000	$ 101,183,000

Liabilities

Accts. payable	$ 7,473,000	$ 6,358,000
Long-term debt, curr.	4,683,000	1,061,000
Notes payable	—	9,500,000
Accruals	7,528,000	7,102,000
Income taxes	800,000	3,084,000
Curr. Liabilities	$ 20,484,000	$ 27,105,000
Long-term debt	11,544,000	10,919,000
Deferred inc. taxes	6,100,000	3,101,000
+ Common stock	9,516,000	12,380,000
Retained earnings	57,602,000	49,468,000
Notes receivable for stockholder	(542,000)	(1,790,000)
Total Liabilities & Shareholders' Equity	$ 104,704,000	$ 101,183,000

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

% Income bef. Taxes to Sales	13.91	15.46
% Net Income to Sales	8.19	8.50
% Net Income to Equity	13.72	14.10
Sales to Inventories	3.32	2.80
Debt to Equity	0.24	0.20
Working Capital	$ 46,270,000	$ 39,537,000
Current Ratio	3.26	2.46
Shareholders' Equity	$ 66,576,000	$ 60,058,000

The Plessey Company plc

Vicarage Lane
Ilford, Essex IG1 4AQ, England

Officers: Sir John Clark, chairman & chief executive; S. R. Walls, managing director; Lord Pennock, deputy chairman; W. J. Sinsheimer, deputy chief executive; J. C. Bass, Lord Brookes, V. Butler, Sir Alistair Frame, W. Gosling, K. B. Huntbatch, secretary; Sir Francis Sandilands, D.A.G.R. Simon, C. R. Thompson.

Areas of Work: Principally engaged in the design, development, and manufacture of civil telecommunication and military communication products, command and control networks, radar, sonar, electronic components, semiconductor products, microwave materials, direct and satellite radio communications, environment monitoring systems, traffic controls, precision plastics, and power supplies. Also provides computer services.

Subsidiaries:

Plessey-UK Limited
England

Plessey GmbH
West Germany

Plessey Incorporated
U.S.A.

Plessey South Africa Limited (74%-owned)
South Africa

Birkbys Plastics
United Kingdom
Manufactures precision plastics.

Stromberg-Carlson Corporation
U.S.A.
Manufactures telecommunications products, principally DCO switches to telephone companies.

Plessey SpA
Valdarno, Italy
Manufactures customer switched power supplies.

Plessey Pacific Pty. Ltd.
Australia

Electronique et Systemes SA (74%-owned)
France

Electronica SpA (49% interest)
Italy
Manufactures electronic systems.

GEC Plessey Telecommunications Holdings Ltd.
(50%-owned)
England
Manufactures practically all of Plessey's telecommunications products.

Orbitel Mobile Communications (Holdings) Ltd.
(50%-owned)
England
Manufactures mobile communications.

Sociedad Iberica de Construcciones Electricas SA
(49%-owned)
Spain
Manufactures traffic controls.

Telephone Manufacturers of South Africa (Pty.) Ltd.
(50% interest)
South Africa
Manufactures telecommunications products.

Acquisitions:

Ferranti Semiconductors
Oldham, England
Semiconductor products.

Leigh Instruments Ltd.
Canada
Supplies military avionics and communications equipment to the North American market.

Sippican Inc.
7 Barnabas Road
P.O. Box 861
Marion, Massachusetts 02738
(617) 748-1160
Designs, develops, manufactures and markets expendable oceanographic instrumentation and associated support systems, sonobuoys, acoustic and radio frequency communications devices and mine actuators for use primarily by the United States and other free world navies, as well as by the scientific community.

Hoskyns Group plc (73%-owned)
England
Provides computer services.

Plessey Electronics Systems Corporation
(formerly the Electronic Systems Division of The Singer Compay, U.S.A)
164 Totowa Road
Wayne, New Jersey 07474
(201) 785-6000

Registrar:

The Plessey Company plc
Vicarage Lane
Ilford, Essex IG1 4AQ, England

Depositary for ADRs:

Citibank NA
ADR Department
111 Wall Street
New York, New York 10043 U.S.A.

Stock Exchange(s): London, New York* *Trades as an ADR.

Ticker Symbol: PLY (New York)

Number of Employees:

1989	26,216	1987	31,995
1988	30,138	1986	34,366

Sales & Earnings

	Net Sales	Net Income †
1989	£1,654,900,000	£ 99,100,000
1988	1,300,900,000	131,100,000
1987*	1,429,700,000	116,300,000
1986	1,461,100,000	92,000,000
1985	1,415,700,000	90,900,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1989	744,300,000	13.31p
1988	740,500,000	17.70
1987*	739,000,000	15.74
1986	737,600,000	12.47
1985	736,600,000	12.34

* 53 weeks
£ - pound sterling.
p - pence.
† Including extraordinary gain of £ 12,400,000 (1.67p per share) in 1988 and extraordinary losses of £ 31,700,000 (4.26p per share) in 1989, £ 3,500,000 (0.47p per share) in 1987, £ 7,500,000 (1.02p per share) in 1986 and £ 2,600,000 (0.35p per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1989	1988
Defense electronics	£ 607,300	£ 453,100
Aerospace and engineering	127,400	107,600
Microelectronics & components	190,500	122,900
Networks and services	172,800	69,100
Discontinued operations	13,600	41,700
Eliminations	(33,200)	(37,300)
Telecommunications	576,500	543,800
Total	£ 1,654,900	£ 1,300,900

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	7.658p	—	—
1988	6.659	—	
1987	5.790	—	—
1986	5.034	—	—
1985	4.375	—	—

The Plessey Company plc

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	£ 302,000,000	40.57p
1988	622,500,000	84.06
1987	596,600,000	80.73
1986	523,400,000	70.96
1985	475,200,000	64.51

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	3/31/89	4/2/88
Net sales	£ 1,654,900	£ 1,300,900
Cost of sales & expenses	1,455,600	1,152,300
Share of profits of rel. cos.	(8,300)	(6,900)
Interest expense (income)	12,100	(16,600)
Income before taxes	£ 195,500	£ 172,100
Income taxes	62,600	52,000
Minority interests	2,100	1,400
Net Income	£ 130,800	£ 118,700
Extraord. items	(31,700)	12,400
Net Income & extraord. items	£ 99,100	£ 131,100

* Included in Costs and Expenses, Depreciation: £ 61,100,000 in 1989 and £ 63,300,000 in 1988.

Assets
(000's)

As of	3/31/88	4/2/87
Cash	£ 17,400	£ 12,900
Investments	98,700	266,400
Accts. receiv., net	366,900	299,200
*Inventories	202,300	152,500
Current Assets	£ 685,300	£ 731,000
Investments	274,100	321,200
#Fixed assets	352,700	239,400
Total Assets	£ 1,312,100	£ 1,291,600

Liabilities
(000's)

Long-term debt, curr.	£ 155,200	£ 48,300
Adv. payments	56,200	55,000
Accts. payable	186,800	149,900
Amts. owed to rel. cos.	500	4,800
Cap. lease oblig. curr.	27,500	39,500
Accruals	86,800	51,000
Other payables	47,100	15,300
Capital grants	1,700	2,100
Income taxes	44,300	72,400
Other taxes	28,100	18,600
Dividends payable	37,700	31,700
Curr. Liabilities	£ 671,900	£ 488,600
Long-term debt	171,000	10,500
Other payables	87,600	113,800
Other liabilites & charges	72,200	51,300
Minority interest	7,400	4,900
+Common stock	187,000	185,400
Add. paid-in capital	17,400	8,400
Revaluation reserve	64,500	19,800
Other reserves	1,100	2,300
Profit and loss acct.	32,000	406,600
Total Liabilities & Shareholders' Equity	£ 1,312,100	£ 1,291,600

* At lower of cost or net realizable value.
# Less accumulated depreciation.
+ 25p par value.

Statistical Summary

%Income bef. Taxes to Sales	11.81	13.23
%Net Income to Sales	7.90	9.12
%Net Income to Equity	43.31	19.07
Sales to Inventories	8.18	8.53
Debt to Equity	1.08	0.09
Working Capital	£ 13,400,000	£ 242,400,000
Current Ratio	1.02	1.50
Shareholders' Equity	£ 302,000,000	£ 622,500,000

Polaroid Corporation

549 Technology Square
Cambridge, Massachusetts 02139
(617) 577-2000

Officers: William J. McCune, Jr., chairman of the board; I. MacAllister Booth, president & chief executive officer; Sheldon A. Buckler, exec. v.p.; Milton S. Dietz, sr. v.p.; Peter O. Kliem, sr. v.p.; Owen J. Gaffney, group v.p.; William J. O'Neill, Jr., group v.p.; Lee C. Brewer, group v.p.; Graham M. Brown, Jr., v.p. & controller; Robert M. Delahunt, v.p.; Richard F. deLima, v.p., secretary & general counsel; Hugh R. MacKenzie, v.p.; Joseph R. Oldfield, v.p.; Carole J. Uhrich, v.p.; Bruce B. Henry, vice president & chief financial officer; Ralph M. Norwood, vice president & treasurer; Conrad H. Biber, sr. research & engineering fellow; Lloyd D. Taylor, sr. research & engineering fellow; Gerald R. Dicker, asst. secretary.

Directors: William J. McCune, Jr., chairman; I. MacAllister Booth, Yen-Tsai Feng, Richard D. Hill, Frank S. Jones, Carl Kaysen, Henry Necarsulmer, Kenneth H. Olsen.

Areas of Work: The Company designs, manufactures and markets worldwide a variety of products primarily in instant image recording fields. These products include a variety of color and back-and-white instant photgraphic products and a complete line of video tapes and flexible diskettes; computer image and video image recorders; light polarizing filters and lenses; and diversified chemical, optical and commerical products.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Pacific

Ticker Symbol: PRD

Number of Employees:*

1988	11,613
1987	13,662
1986	14,765
1985	12,932
1984	13,402

* Includes approximately 300 temporary employees for 1988, 800 for 1987, and 1,900 for 1986.

Plant Footage:

1988 . . . . . . 6,000,000 sq. ft.

Sales & Earnings x

	Net Sales	Net Income	No. of Com. Shares ‡	Earn. per Share ‡
1988	$ 1,862,900,000	$ (22,600,000)	66,377,000	$ —
1987	1,763,900,000	125,200,000	61,918,000	2.02
1986	1,629,200,000	108,200,000	61,918,000	1.75
1985	1,295,200,000	(2,400,000)	61,918,000	—
1984	1,271,500,000	25,700,000	61,918,000	0.42

(Loss)
x Restated to reflect adoption of SFAS No. 96, "Accounting for income taxes."
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.60	—	—
1987	0.60	—	
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—

+ Adjusted to reflect stock split.

Common Stock Equity x

	Total Equity	Equity Per Share ‡
1988	$ 1,011,500,000	$ 15.24
1987	1,048,200,000	16.93
1986	960,100,000	15.51
1985	882,900,000	14.26
1984	916,300,000	14.80

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Net sales	$ 1,862,900	$ 1,763,900
Cost of sales	1,003,100	956,200
Expenses	686,000	653,900
Restruc. expenses	151,900	—
Interest expense	29,000	15,000
Interest income	(28,800)	(15,700)
Other expense (income)	800	(1,000)
Income before taxes	$ 20,900	$ 155,500
Income taxes	43,500	30,300
Net Income (Loss)	$ (22,600)	$ 125,200

‡ Restated.
* Included in Costs and Expenses and Depreciation: $81,900,000 in 1988 and $75,700,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash & cash-equiv.	$ 245,400	$ 103,700
Short-term invest.	282,200	115,100
Accts. receiv., net	430,500	441,300
*Inventories	521,500	478,900
Prepaid expenses	43,800	64,800
Current Assets	$ 1,523,400	$ 1,203,800
#Fixed assets	433,800	395,600
Total Assets	$ 1,957,200	$ 1,599,400

Liabilities
(000's)

Short-term debt	$ 142,200	$ 223,700
Accts. payable & accruals	215,500	192,800
Accrued compensation & benefits	146,800	99,000
Income taxes	38,900	35,700
Curr. Liabilities	$ 543,400	$ 551,200
Long-term debt	402,300	—
+Common stock	75,400	65,700
Add. paid-in capital	379,500	89,200
Retained earnings	877,500	940,200
Treasury stock	(46,900)	(46,900)
Deferred compensation	(274,000)	—
Total Liabilities & Shareholders' Equity	$ 1,957,200	$ 1,599,400

‡ Restated.
* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.12	8.82
%Net Income to Sales	—	7.10
%Net Income to Equity	—	11.94
Sales to Inventories	3.57	3.68
Debt to Equity	0.54	0.21
Working Capital	$ 980,000,000	$ 652,600,000
Current Ratio	2.80	2.18
Shareholders' Equity	$ 1,011,500,000	$ 1,048,200,000

Porta Systems Corp.

575 Underhill Boulevard
Syosset, New York 11791
(516) 364-9300

Officers: Vincent F. Santulli, chairman, president & chief executive and operating officer; William V. Carney, vice chairman, sr. v.p.-mechanical engineering & secretary; Garet M. Romeo, exec. v.p.; Eladio Rodriguez, v.p.-Caribbean operations; Michael A. Tancredi, v.p.-finance & treasurer; John Gazzo, v.p.-research & development; Daniel G. Romero, v.p.-national sales; Warren Marcus, v.p.-sales; Jane M. Jozefek, v.p. & general counsel; Daniel J. Fleming, v.p. & controller; Dominick A. Papaleo, v.p.-human resources; Pierre A. Haskelson, v.p.-operations; William L. Babcock, v.p.-marketing; Fabio D. Ramos, v.p..

Directors: Vincent F. Santulli, chairman; William V. Carney, Michael A. Tancredi, Garet M. Romeo, Seymour Joffe, George F. Knapp, C. William McDaniel, Joe C. Culp.

Areas of Work: Designs and manufactures telecommunications systems and equipment for telephone operating companies, and suppliers and manufacturers of telecommunication systems and equipment. Major products include equipment used to connect lines and trunks entering central offices with central office equipment, and to provide electrical protection to switching equipment and office personnel; and computer-based electronic systems for testing and identifying faults with subscriber lines and central office switching equipment.

Subsidiaries:

Porta System-Caribbean Corp.
Guaynabo, PR

Porta Systems Limited
Daventry, England

Porta Systems, S.A. de C.V.
Matamoros, Mexico

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): American

Ticker Symbol: PSI

Number of Employees:

1988	581	1986	587
1987	529	1985	550

Plant Footage:

1988	148,262 sq. ft.	1986	133,686
1987	128,281	1985	177,660

Sales & Earnings

	Net Sales	Net Income
1988	$ 57,955,000	$ 4,685,000
1987	50,357,000	(3,092,000)
1986	40,709,000	2,500,000
1985	40,517,000	2,841,000
1984	29,434,000	1,798,000

	No. of Com. Shares #	Earn. per Share #
1988	5,470,983	$ 0.86
1987	5,451,110	—
1986	5,454,410	0.46
1985	5,453,191	0.52
1984	5,446,890	0.33

(Loss)
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 25,620,000	$ 4.68
1987	20,984,000	3.85
1986	24,146,000	4.43
1985	21,717,000	3.98
1984	18,846,000	3.46

‡ Based on the weighted number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 57,955,000	$ 50,357,000
Cost of sales	36,132,000	33,097,000
Expenses	15,497,000	18,627,000
Other expense	1,239,000	1,527,000
Income (loss) bef. taxes	$ 5,087,000	$ (2,894,000)
Income taxes	402,000	198,000
Net Income (Loss)	$ 4,685,000	$ (3,092,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,155,000 in 1988 and $1,990,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 9,821,000	$ 6,904,000
Accts. receiv., net	15,816,000	9,285,000
*Inventories	20,752,000	21,342,000
Prepaid expenses & other assets	473,000	580,000
Current Assets	$ 46,862,000	$ 38,111,000
#Fixed assets	4,844,000	4,322,000
Def. computer software	1,598,000	1,721,000
Intangibles	24,000	48,000
Debt issurance exp.	803,000	892,000
Deposits & other assets	778,000	529,000
Total Assets	$ 54,909,000	$ 45,623,000

Liabilities

Accts. payable	$ 5,974,000	$ 3,068,000
Accruals	5,287,000	3,540,000
Curr. Liabilities	$ 11,261,000	$ 6,608,000
Long-term liab.	18,028,000	18,031,000
+Common stock	55,000	55,000
Add. paid-in capital	7,463,000	7,402,000
Cum. trans. adj.	(262,000)	(153,000)
Retained earnings	18,368,000	13,683,000
Treasury stock	(4,000)	(3,000)
Total Liabilities & Shareholders' Equity	$ 54,909,000	$ 45,623,000

* At lower of cost (average & FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.78	—
%Net Income to Sales	8.08	—
%Net Income to Equity	18.29	—
Sales to Inventories	2.79	2.36
Working Capital	$ 35,601,000	$ 31,503,000
Current Ratio	4.16	5.77
Shareholders' Equity	$ 25,620,000	$ 20,984,000

Powell Industries, Inc.

8550 Mosley Drive
Houston, Texas 77075
(713) 944-6900

Mailing address:
P.O. Box 12818
Houston, Texas 77217-2818

Officers: Thomas W. Powell, chairman of the board, president & chief executive officer; Alton L. Nelson, asst. secretary; Corbett U. Allen, Jr., v.p., chief financial officer, secretary & treasurer; Roman R. Rammler, president-Powell Process Systems, Inc.; Adam Janas, president-Delta-Unibus Corp.; Larry D. Davis, president-U.S. Turbine Corp.; Thomas F. Watson, Jr., president-Unibus, Inc..

Directors: Thomas W. Powell, chairman; Jesse R. Milam, Jr., Elbert D. Stewart, Stephen W. Seale, Jr., D.D. Sykora, Bonnie Powell, Everett N. DeVault.

Areas of Work: Designs, manufactures, and markets electrical power distribution and control systems, pre-packaged electrical and instrumental control room buildings, patented and proprietary electronic and computerized process control products and systems and digital control valves.

Divisions and Subsidiaries:

Power Electrical Manufacturing Company
P.O. Box 12818
8550 Mosley Drive
Houston, Texas 77075
(713) 944-6900

Powell-Process Systems, Inc.
P.O. Box 12848
8540 Mosley Drive
Houston, Texas 77075
(713) 947-9470

Powell Industries Offshore
16535 Jacinto Port Boulevard
Channelview, Texas 77530
(713) 452-4885

Unibus, Inc.
15242 Foltz Industrial Pkwy.
Strongsville, Ohio 44136
(216) 238-7035

Manufactures custom-designed bar and cable bus systems for utilities, general industry and research and development facilities.

Delta-Unibus Corporation
11323 West Franklin Avenue
Franklin Park, Illinois 60131
(312) 451-1982

Manufactures isolated phase bus duct used primarily in high reliability, maximum protection power generation applications.

U.S. Turbine Corporation
7685 South State Route 48
Maineville, Ohio 45039
(513) 683-6100

Manufactures gas turbine generator sets for utilities and general industry, including cogeneration systems.

Transfer Agent(s):

NCNB Texas National Bank
Stock Transfer
P.O. Box 4339
Houston, Texas 77210-4339

Stock Exchange(s): Over-the-Counter

Ticker Symbol: POWL (NASDAQ)

Number of Employees:

1988	616	1986	592
1987	568	1985	576

Plant Footage:

1988	444,000 sq. ft.	1986	485,750
1987	444,000	1985	485,750

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income #
1988	$ 81,742,000	$ 3,044,000
1987	67,676,000	(1,319,000)
1986	78,697,000	(928,000)
1985	65,601,000	(2,607,000)
1984	61,558,000	1,060,000

	No. of Com. Shares ‡	Earn. per Share #‡
1988	10,204,482	$ 0.30
1987	10,204,482	—
1986	10,204,482	—
1985	10,204,482	—
1984	10,204,482	0.10

(Loss)

# Including extraordinary gain of $1,050,000 ($0.10 per share) in 1988.

‡ Based on the average number of shares outstanding.

Revenues by Line of Business

	1988	1987
Electrical distribution equipment	$ 75,466,000	$ 61,439,000
Process control indust.	6,276,000	6,237,000
Total	$ 81,742,000	$ 67,676,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 21,391,000	2.10
1987	18,347,000	1.80
1986	19,666,000	1.93
1985	20,594,000	2.02
1984	23,201,000	2.27

‡ Based on the average number of shares outstanding.

Income Account *

Year ended Oct. 31	1988	1987
Revenues	$ 81,742,000	$ 67,676,000
Cost of sales	64,367,000	58,090,000
Expenses	12,341,000	12,464,000
Interest expense	1,292,000	1,468,000
Gain on settlement of pension oblig.	—	(2,102,000)
Contingency accrual for legal claims	690,000	—
Income (loss) bef. taxes	$ 3,052,000	$ (2,244,000)
Income taxes (credit)	1,058,000	(925,000)
Net Income (Loss)	$ 1,994,000	$ (1,319,000)
Extraord. gain	1,050,000	—
Net Income (Loss) & extraord. gain	$ 3,044,000	$ (1,319,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,630,000 in 1988 and $2,716,000 in 1987.

Assets

As of Oct. 31	1988	1987
Cash	$ 865,000	$ 822,000
Accts. receiv., net	20,181,000	13,144,000
Refund inc. taxes	—	602,000
*Inventories	12,280,000	12,273,000
Prepaid expenses	651,000	749,000
Deferred income taxes	1,268,000	939,000
Current Assets	$ 35,245,000	$ 28,529,000
#Fixed assets	12,276,000	13,665,000
Other assets	1,547,000	2,012,000
Total Assets	$ 49,068,000	$ 44,206,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 1,925,000	$ 1,861,000
Accts. payable	8,382,000	5,882,000
Accrued payroll	2,626,000	1,426,000
Other accruals	3,697,000	2,948,000
Progress billings	1,116,000	851,000
Curr. Liabilities	$ 17,746,000	$ 12,968,000
Long-term debt	6,040,000	9,756,000
Deferred inc. taxes	2,039,000	1,817,000
Deferred comp.	1,162,000	1,324,000
Contingencies	690,000	—
+Common stock	102,000	102,000
Add. paid-in capital	2,903,000	2,903,000
Retained earnings	18,386,000	15,342,000
Total Liabilities & Shareholders' Equity	$ 49,068,000	$ 44,206,000

* At lower of cost (FIFO) or market.

# Less accumulated depreciation.

+ $0.01 par value.

Statistical Summary

	1988	1987
% Income bef. Taxes to Sales	3.73	—
%Net Income to Sales	2.44	—
% Net Income to Equity	9.32	—
Debt to Equity	0.37	0.63
Working Capital	$ 17,499,000	$ 15,561,000
Current Ratio	1.99	2.20
Shareholders' Equity	$ 21,391,000	$ 18,347,000

Premier Industrial Corporation

4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300

Officers: Morton L. Mandel, chairman of the board; Jack N. Mandel, finance committee chairman; Joseph C. Mandel, exec. committee chairman; Robert Warren, vice chairman; William M. Hamilton, president; Philip S. Sims, exec. v.p. & treasurer; Bruce W. Johnson, exec. v.p.; Denis A. Moore, sr. v.p.; Grant C. Grinnell, v.p. & secretary; J. Robert McCabe, v.p.; Denis M. Bohm, v.p.; David R. Eva, v.p.; William H. Barnes, v.p.; Phillip Vander Pol, v.p. & controller; Michael D. James, v.p..

Directors: John C. Colman, John A. Gelbach, Jack N. Mandel, Joseph C. Mandel, Morton L. Mandel, Hugh Calkins, Robert Warren, Scott S. Cowen, William M. Hamilton.

Areas of Work: Broad line distributor of electronic components used in the production and maintenance of equipment, a supplier of maintenance products for industrial, commercial and institutional applications, and a manufacturer of high-performance fire-fighting accessories.

Divisions and Subsidiaries:

Electronics Distribution Group

Newark Electronics
4801 North Ravenswood
Chicago, Illinois 60640
(312) 784-5100

Electronic components and equipment including semiconductors, integrated conductors, integrated circuits, switches, relays, test and sound equipment, capacitors, resistors and connectors.

Cadillac Electric
20700 Hubbell Avenue
Oak Park, Michigan 48237
(313) 967-1221

Electrical items including wire and cable, roughing-in materials, motor controls, distribution equipment, lamps, fuses, wiring devices and other electrical maintenance products.

Hoffman Products
170 Allen Boulevard
Farmingdale, New York 11735
(516) 293-5244

National supplier of electrical and related products.

Car-lac Electronics
75 Orvilie Drive
Bohemia, New York 11716
(516) 567-4200

Electronic interconnection devices and associated hardware.

MCM Electronics
858 E. Congress Park Drive
Centerville, Ohio 45459
(513) 434-0031

Electronic components and equipment for the installation and repair of consumer and commercial equipment.

Brooks Technology
3304 East 87th Street
Cleveland, Ohio 44127
(216) 641-5100

Industrial and specialty greases, open gear lubricants, gear oils, corrosion preventives, cutting and grinding fluids, wire rope lubricants, roll oils, and drawing and forging compounds.

C-T Engineering
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300

Heavy-duty fasteners, special hardware and parts for construction transportation equipment.

Certanium Alloys and Research
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300

Special welding electrodes, brazing alloys, fluxes, solders, and welding aids.

Premier Fastener
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300

High performance cap screws, nuts, washers, screws, specialty fasteners and industrial shop supplies.

Premier Autoware
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300

Replacement parts for cars and trucks, including special hardware and shop supplies.

J.I. Holcomb
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300

Cleaners, disinfectants, degreasers and protective coatings for industrial, commercial, and institutional applications. Insecticides, floor conditioners and floor maintenance products.

Kent Industries
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300

Adhesives, cements, sealants, caulks, cleaners and related application equipment for the automotive and marine industries.

Rotanium Products
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Electrical systems components and other specialty products such as industrial lamps, terminals, connectors, fittings, clamps and building hardware.

TPC Wire & Cable
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-0067
Extra heavy-duty electrical cord, cable and associated devices.

D-A Lubricant Company, Inc.
1340 West 29th Street
Indianapolis, Indiana 46208
(317) 923-5321
Engine oils and greases for heavy-duty diesel driven equipment.

Maintenance, Inc.
1051 West Liberty Street
Wooster, Ohio 44691
(216) 264-6262
Coatings to protect and color off-street asphalt and concrete pavements and recreational areas.

Akron Brass Co.
Spruce Street
P.O. Box 86
Wooster, Ohio 44691
(216) 264-5100
Fire-fighting components including nozzles, hose couplings, valves and specialized fire-fighting equipment.

Western Fire Equipment Co.
440 Valley Drive
Brisbane, California 94005
(415) 467-5650
Forestry, municipal and industrial fire-fighting equipment, including portable tanker units, protective clothing and specialized fire-fighting tools.

Transfer Agent(s):

National City Bank
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: PRE

Number of Employees:

1988	4,300	1985	3,500
1987	N.A.	1984	3,300
1986	N.A.		

Plant Footage:

1988	2,215,990 sq. ft.	1985	2,260,000
1987	N.A.	1984	1,810,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Oper. Revenues	Net Income
1988	$ 528,159,000	$ 64,029,000
1987	459,000,000	48,280,000
1986	435,040,000	41,377,000
1985	432,256,000	38,505,000
1983	317,423,000	30,984,000

	No. of Shares ‡	Earn. per Share ‡
1988	43,653,606	$ 1.47
1987	44,490,765	1.09
1986	44,443,719	0.93
1985	44,254,707	0.87
1984	46,241,640	0.83

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1988	1987
Industrial maintenance	$ 170,793,000	$ 149,406,000
Fire-fighting products	30,299,000	30,060,000
Electronic & electrical components	327,067,000	279,534,000
Total	$ 528,159,000	$ 459,000,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.347	—	3-for-2
1987	0.280	—	
1986	0.253	—	—
1985	0.231	—	3-for-2
1984	0.196	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 289,026,000	$ 6.62
1987	266,888,000	6.00
1986	239,622,000	5.39
1985	205,416,000	4.64
1984	177,265,000	3.83

+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account

Year ended May 31	1988	1987
Oper. revenues	$ 528,159,000	$ 459,000,000
Other income	7,777,000	5,688,000
Total revenues	$ 535,936,000	$ 464,688,000
Cost of sales	276,934,000	241,968,000
Expenses	149,647,000	129,989,000
Income taxes	5,549,000	5,251,000
Depreciation & amortization	5,712,000	5,775,000
Interest expense	156,000	284,000
Income before taxes	$ 97,938,000	$ 81,421,000
Income taxes	33,909,000	33,141,000
Net Income	$ 64,029,000	$ 48,280,000

Assets

As of May 31	1988	1987
Cash	$ 130,188,000	$ 117,272,000
Receiv., net	78,309,000	71,252,000
*Inventories	79,008,000	70,197,000
Prepaid expenses	5,195,000	5,251,000
Current Assets	$ 292,700,000	$ 263,972,000
#Fixed assets	35,373,000	34,440,000
Other assets	26,744,000	27,157,000
Total Assets	$ 354,817,000	$ 325,569,000

Liabilities

Long-term debt, curr.	$ 124,000	$ 111,000
Payables	20,520,000	16,129,000
Accruals	20,319,000	16,389,000
Income taxes	1,556,000	2,570,000
Curr. Liabilities	$ 42,519,000	$ 35,199,000
Deferred inc. taxes	16,711,000	16,820,000
Long-term debt	6,561,000	6,662,000
+ Common stock	43,903,000	29,905,000
Retained earnings	270,241,000	253,793,000
Foreign currency translation	853,000	158,000
Treasury stock	(25,971,000)	(16,968,000)
Total Liabilities & Shareholders' Equity	$ 354,817,000	$ 325,569,000

* At lower of cost (FIFO or LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	18.27	17.52
%Net Income to Revenues	11.95	10.39
%Net Income to Equity	22.15	18.09
Debt to equity	0.02	0.03
Working Capital	$ 250,181,000	$ 228,773,000
Current Ratio	6.88	7.50
Shareholders' Equity	$ 289,026,000	$ 266,888,000

Prime Computer, Inc.

Prime Park
Natick, Massachusetts 01760
(508) 655-8000

Officers: David J. Dunn, chairman of the board; Joe M. Henson, president & chief executive officer; David J. Collard, v.p.-finance, administration and planning & chief financial officer; Richard L. Ballantyne, v.p., gen. counsel & secretary; Richard B. Goldman, v.p.-finance & treasurer; Gale R. Aguilar, v.p.-corporate business development & strategy; W.L. Brubaker, v.p.-sales; Marvin G. Kirby, v.p.-CAD/CAM marketing; John T. Maske, sr. v.p.-corp. operations & programs; Robert A. Fischer, president & chief exec. officer-CAD/CAM and engineering/scientific group; Leonard F. Halio, v.p.-small systems business group; Richard B. Snyder, v.p.-software development; Lawrence M. Bornstein, v.p.-human resources; Mel Friedman, v.p.-manufacturing & service; Stephen C. Kiely, v.p.-systems marketing & development; Ethan Allen, Jr., v.p.-customer service; Ronald P. Haley, v.p.-marketing & office systems; William F. O'Neill, Jr., v.p.-systems marketing & development operations; Kathleen A. Cote, v.p.-manufacturing; Florence K. Demma, asst. secretary.

Directors: David J. Dunn*, chairman; Frank P. Brunetta, John S. Dulaney*, Harold A. Strickland, Jr., Joe M. Henson*, John E. Sheehan, John E. Nolan, Jr..

* Member of the Executive Committee

Areas of Work: Design, manufacture, sale and service of small and medium size general purpose digital computers and interactive computer systems.

Subsidiaries:

Prime Computer (U.K.) Limited (United Kingdom)
Prime Computer GmbH (West Germany)
Prime Informatique, S.A. (France)
Prime Computer Scandinavia AB
Prime Computer International Sales Corporation

Acquisitions:

Computervision Corporation
100 Crosby Drive
Bedford, Massachusetts 01730
(617) 275-1800
Designs, manufactures, distributes and services, computer-based interactive graphics systems used largely for computer-aided-engineering design and manufacturing (CAE/CAD/CAM) applications.

Versacad Corporation
Huntington Beach, California
Supplies computer-aided-design software for personal computers and workstations.

Prime Computer, Inc.

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: PRM

Number of Employees:

1987 8,818   1984 7,348
1986 8,621   1983 5,927
1985 8,115

Plant Footage:

1987 ...... 1,486,000 sq. ft.   1986 1,486,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 960,913,000	$ 64,768,000
1986	860,173,000	46,925,000
1985	769,673,000	57,782,000
1984	642,779,000	59,712,000
1983	516,503,000	32,503,000

	No. of Com. Shares +	Earn. per Share +
1987	48,991,000	$ 0.97
1986	48,413,000	0.97
1985	48,160,714	1.20
1984	47,910,678	1.25
1983	47,863,089	0.68

+ Based on the weight average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 503,836,000	$ 10.28
1986	437,830,000	9.04
1985	383,302,000	7.96
1984	325,002,000	6.78
1983	268,179,000	5.60

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 960,913,000	$ 860,173,000
Cost of sales	448,159,000	407,198,000
Expenses	320,897,000	297,686,000
Prod. devel. & eng.	109,691,000	91,933,000
Other income	(8,190,000)	(3,205,000)
Other expense	3,999,000	3,995,000
Income before taxes	$ 86,357,000	$ 62,566,000
Income taxes	21,589,000	15,641,000
Net Income	$ 64,768,000	$ 46,925,000

* Included in Costs and Expenses, Depreciation and Amortization: $80,782,000 in 1987 and $62,169,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 490,173,000	$ 87,593,000
Accts. receiv., net	250,775,000	225,077,000
Lease receivable	66,128,000	—
*Inventories	87,252,000	95,757,000
Prepaid exp. & deposits	29,644,000	21,145,000
Current Assets	$ 923,972,000	429,572,000
#Fixed assets	255,927,000	222,566,000
Lease receivable	117,316,000	—
Other assets	37,363,000	35,222,000
Total Assets	$ 1,334,578,000	$ 687,360,000

Liabilities

	1987	1986
Notes payable & long-term debt. curr.	$ 58,025,000	$ 3,381,000
Accts. payable	56,101,000	47,702,000
Accruals	121,529,000	95,166,000
Curr. Liabilities	$ 235,655,000	$ 146,249,000
Long-term debt	493,473,000	14,155,000
Deferred inc. taxes	101,614,000	89,126,000
+ Common stock	614,000	603,000
Add. paid-in capital	119,797,000	104,966,000
Retained earnings	404,579,000	339,811,000
Cumulative translation adjustment	(2,962,000)	(7,550,000)
Treasury stock	(18,192,000)	—
Total Liabilities & Shareholders' Equity	$ 1,334,578,000	$ 687,360,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.0125 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.99	7.27
%Net Income to Sales	6.74	5.46
%Net Income to Equity	12.85	10.72
Sales to Inventories	11.01	8.98
Debt to Equity	1.09	0.04
Working Capital	$ 688,317,000	$ 283,323,000
Current Ratio	3.92	2.94
Shareholders' Equity	$ 503,836,000	$ 437,830,000

Princeton Electronic Products, Inc.

P.O. Box 101
North Brunswick, New Jersey 08902
(201) 297-4448

Officers: Hyman Center, president & chief financial officer; Lloyd D. Feld, secretary.

Directors: Hyman Center, Lloyd D. Feld.

Areas of Work: Manufactures and sells real time, digital video line rate converters which concert high-resolution line rates to lower line rates and vice-versa, enabling users to transfer high-resolution images to video tape, video disk or computers. The Company also manufactures and sells video/graphic scan converters and storage terminals based upon analog technology, and sells digital image processing systems.

Transfer Agent(s):

American Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PELT (NASDAQ)

Number of Employees:

1987 5   1985 12
1986 5

Plant Footage:

1987 .... 14,000 sq. ft.   1984 14,000
1986 14,000   1983 14,000
1985 14,000

Sales & Earnings

	Net Sales	Net Income #
1987	$ 333,805	$ (142,992)
1986	557,287	55,694
1985	510,686	(19,566)
1984	617,839	3,595
1983	842,346	476,764

	No. of Com. Share ‡	Earn. per Share #‡
1987	7,500,347	$ —
1986	7,444,930	0.01
1985	7,340,347	—
1984	7,340,347	—
1983	6,026,268	0.08

(Loss)
# Including extraordinary gains of $21,908 in 1987, $7,484 in 1986, $573 in 1984 and $478,561 ($0.08 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1987	$ 508,946	$ 0.07
1986	645,168	0.09
1985	582,931	0.08
1984	591,446	—
1983	584,338	0.10

† After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common shares and common shares equivalents outstanding.

Income Account *

Year ended May 31	1987	1986
Net sales	$ 333,805	$ 557,287
Interest income	17,204	21,862
Total revenues	$ 351,009	$ 579,149
Cost of sales	299,611	287,339
Research & development	86,402	88,283
Expenses	128,918	139,551
Interest expense	733	2,457
Bad debt exp.	—	3,458
Inc. (loss) bef. taxes	$ (164,655)	$ 58,061
Income taxes	245	9,851
Net Income (Loss)	$ (164,900)	$ 48,210
Extraord. gain	21,908	7,484
Net Income (Loss) & extraord. gain	$ (142,992)	$ 55,694

* Included in Costs and Expenses, Depreciation and Amortization: $17,742,000 in 1987 and $16,263 in 1986.

Assets

As of May 31	1987	1986
Cash	$ 217,531	$ 223,925
Accts. receiv., net	23,385	68,650
*Inventories	443,600	463,001
Prepaid expenses	8,001	681
Current Assets	$ 692,517	$ 756,257
#Fixed assets	29,189	42,194
Security deposits	3,083	3,083
Intangibles	38,196	40,980
Total Assets	$ 762,985	$ 842,514

Liabilities

Note payable	$	101,999	$	1,778
Accts. peyable		37,751		77,881
Accruals		16,742		12,220
Income taxes		3,499		2,649
Curr. Liabilities	$	159,991	$	94,528
Other liabilities		3,263		5,263
+Preferred stock		90,785		97,555
+Common stock		1,444,477		1,437,707
Add. paid-in capital		1,111,170		1,111,170
Deficit		(2,046,701)		(1,903,709)
Total Liabilities & Shareholders' Equity	$	762,985	$	842,514

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales		—		10.42
%Net Income To Sales		—		8.65
%Net Income to Equity		—		6.49
Sales to Inventories		0.75		1.20
Debt to Equity		0.17		—
Working Capital	$	532,526	$	661,729
Current Ratio		4.33		8.00
Shareholders' Equity	$	599,731	$	742,723

Quantronix Corporation

49 Wireless Boulevard
Smithtown, New York 11787
(516) 273-6900

Officers: Richard T. Daly, chairman; Donald Mitchell, president & chief executive officer; Vincent L. Mooney, chief financial officer & treasurer; Sydney Meistrich, v.p.-mfg. and secretary; William I. Kern, v.p.-marketing; Martin G. Cohen, v.p.-research & development; Roy H. Tanner, v.p.-engineering.

Directors: Richard T. Daly, chairman; Sydney Meistrich, Donald Mitchell, Alan J. Patricof, Harold Rapaport, Elliot Levine.

Areas of Work: Engaged in a single line of business: manufacturing electro-optic devices and systems, principally involving the use of a laser component, and end-products by such devices. Company products consist of a catalogue line of lasers, laser components and laser accessories: a Mark Inspection Tool, which is used to reduce waste in the manufacture of semiconductors; a defect repair system for repair of photomasks used in semiconductor manufacture; scientific lasers and medical lasers.

Subsidiaries:

Quantronix, GmbH
Gross-Gerauer Weg 55
D-6100 Darmstadt, West Germany

Quantronix International (FSC)

The Optical Corporation
Oxnard, California
Manufactures precision optical components and subassemblies for the aerospace and defense markets.

Acquisition:

Control Laser International Corporation
7503 Chancellor Drive
Orlando, Florida 32809
(305) 438-2500
Engaged in the development, manufacture and marketing of high-powered industrial and medical laser systems and components.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: QUAN (NASDAQ)

Number of Employees:

1988	196
1987	174
1986	188
1985	203
1984	185

Plant Footage:

1988	120,000 sq. ft.
1987	85,000
1986	44,000
1985	44,000
1984	44,000

Sales & Earnings

		Net Sales †		Net Income ‡
1989	$	27,943,802	$	1,035,243
1988		18,510,540		(1,228,429)
1987		20,290,458		2,288,380
1986		18,869,755		1,394,129
1985		19,542,098		1,957,000

	No. of Com. Shares #		Earn. per Share ‡ #
1989	3,662,000	$	0.28
1988	3,165,000		—
1987	3,244,000		0.71
1986	3,162,000		0.48
1985	3,033,000		0.71

(Loss)
† Includes services.
‡ Including extraordinary gains of $92,000 ($0.02 per share) in 1989 and $140,000 ($0.05 per share) in 1985.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	—	—	—
1988	—	—	
1987	—	—	—
1986	—	—	3-for-2
1985	—	—	3-for-2

Common Stock Equity

		Total Equity	Equity Per Share +
1989	$	17,451,800 #	4.77
1988		11,942,932	3.77
1987		13,264,766	4.09
1986		7,068,869	2.24
1985		4,962,702	1.64

# After allowing for preferred stock at par value.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended March 31		1989		1988
Net sales & services	$	27,943,802	$	18,510,540
Cost of sales & services		16,339,061		10,560,071
Expenses		9,202,835		8,510,222
Interest expense		732,258		350,694
Other income		(50,366)		(55,547)
Loss on market. secur.		243,771		187,000
Settle. liability		—		1,136,529
Income (loss) bef. taxes	$	1,476,243	$	(2,178,429)
Income taxes (credit)		533,000		(950,000)
Net Income (Loss)	$	943,243	$	(1,228,429)
Extraord. gain		92,000		—
Net Income (Loss) & extraord. gain	$	1,035,243	$	(1,228,429)

* Included in Costs and Expenses, Depreciation and Amortization: $1,562,335 in 1989 and $1,032,339 in 1988.

Assets

As of March 31		1989		1988
Cash	$	606,788	$	637,357
Marketable securities		733,020		—
Prepaid income taxes		79,451		1,202,700
Accts. receiv., net		7,809,714		5,215,533
*Inventories		10,906,032		7,697,920
Def. inc. taxes		469,000		318,000
Other curr. assets		556,719		459,097
Current Assets	$	21,160,724	$	15,530,607
#Fixed assets		9,133,351		8,892,568
Marketable securities		—		866,716
Cost in exc. of assets acq.		5,136,066		418,409
Other assets		788,999		323,516
Total Assets	$	36,219,140	$	26,031,816

Liabilities

Long-term debt, curr.	$	884,831	$	1,856,582
Accts. payable		2,988,225		2,103,992
Accruals & other liab.		3,206,686		2,040,042
Bank loans payable		308,558		2,155,839
Inc. taxes payable		151,432		—
Curr. Liabilities	$	7,539,732	$	8,156,455
Long-term debt		10,816,508		5,585,729
Def. inc. taxes payable		409,700		346,700
+Preferred stock		1,400		—
+Common stock		37,802		31,670
Add. paid-in capital		13,087,551		8,778,526
Ret. earnings		4,561,792		3,526,549
Net unreal. loss on market. eq. secur.		—		(130,567)
Note receiv. - sale of stock		(235,345)		(263,246)
Total Liabilities & Shareholders' Equity	$	36,219,140	$	26,031,816

* At lower of average cost of market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales		5.28		—
%Net Income to Sales		3.02		—
%Net Income to Equity		4.83		—
Debt to Equity		0.67		0.62
Working Capital	$	13,620,992	$	7,374,152
Current Ratio		2.81		1.90
Shareholders' Equity	$	17,453,200	$	11,942,932

Racal Electronics Plc

Western Road
Bracknell, Berkshire RG12 1RG, England
(0344) 481222

Directors: Sir Ernest Harrison, chairman & chief executive; D. C. Elsbury, deputy chief executive; Sir Edward Ashmore, B. J. Clarke, J. E. Coates, P. G. Crossland, J. E. Diggins, G. J. Lomer, D. J. Peacock, M. R. Richardson, D. A. Webb, G. A. Whent, D. Whittaker, secretary.

Areas of Work: In the area of Data Communications, the Company provides corporate data networks, data communications equipment and systems, data encryption equipment, digital communications for voice and data, local area communications, network management, image processing systems, and turnkey data networks.

In the area of Radio Communications, the Company provides communications electronic warfare of Radio Communications, the Company provides communications electronic warfare systems, communications simulation and training, communications security, satellite communications, tactical trunk communications, military tactical communications for land, sea and air, paramilitary, police and special forces communications, and strategic radio systems: fixed, mobile and transportable.

Racal Electronics Plc

In the area of Marine and Energy Electronics, the Company provides marine radars and navigation equipment, integrated navai and ship electronic systems, mine countermeasures support, marine measurement and control systems, marine communications, marine distress and safety equipment, marine simulation and training, marine service, precise positioning systems, satellite and terrestrial radio navigation systems, and survey and positioning services.

In the area of Defense Radar and Avionics, the Company provides avionics management systems, ground movement radar, low level air defense surveillance radars, naval and land based command information systems, navigation computers and sensors, non-communications electronic warfare systems, and microwave components and sub-systems.

In the area of Telecommunications, the Company provides cellular radio network operations, data transmission over cellular radio networks, digital cellular radio systems, value added network services, mobile and hand-portable cellular telephones, private mobile radio, and radiopaging.

In the area of Security, the Company provides building locks and hardware, data security and payment terminal systems, fire detection and extinguishing equipment, intruder alarms and monitoring systems, integrated security and access control systems, safes, strongrooms and fire resistant cabinets.

Specialized Business Activities include Acoustics, whose product range for both military and civil communication markets consists of transducers, microphones, handsets, headsets, protective communication helmets, field telephones, intercom systems, and on-board audio management systems for trains and aircraft; Health & Safety, whose products include the Classic range of hearing protectors, the ultra-lightweight Jupiter anti-dust helmet, a Dual-Air protection system and the Zephyr powered respirator for dentists; Microelectronics & Information Displays, which includes specific integrated circuits and other customized devices and liquid crystal information display systems; Customer Training & Education; Electronic Design Automation, which includes computer-aided engineering/computer-aided design for electronics industries and software systems for computers; Intruder alarm sensors; Automated Test and Repair services; Antennas; and advanced Instrumentation.

Subsidiaries (United Kingdom):

Decca Limited
Ablex Audio Video Limited
Decca Radio and Television Limited
Decca Survey Overseas Limited
Fibre Form Limited
Racal-Decca Limited

Racal Avionics Limited
Racal-Decca Advanced Development Limited
Racal-Decca Marine Navigation Limited
Racal Defence Radar Limited
Racal Defence Electronics (Radar) Limited
Racal Defence Radar and Displays Limited
Racal Leicester Limited
Racal Radar Defence Systems Limited
Racal Marine Electronics Limited
Racal Marine Group Limited
Racal Marine Systems Limited
Racal-MESL Limited (Scotland)
Racal Survey Limited
Racal Survey China Limited
Racal Survey (UK) Limited
Racal-Decca Service Limited
Weyrad (Electronics) Limited

Racal-Chubb Limited
Albert Marston & Company Limited
Chubb & Son's Lock and Safe Company Limited
Chubb Security Installations Limited
Chubb Alarms Limited
Chubb Wardens Limited
Chubb Cash (Rentals) Limited
Chubb Fire Security Limited
Racal Panorama Limited
Chubb International Limited
Chubb (N.I.) Limited (Northern Ireland)
C.E. Marshall (Wolverhampton) Limited
Josiah Parkes & Sons Limited
Racal-Chubb Data Security Limited
Racal-Guardata Limited
Racal-Transcom Limited
Racal-Chubb Secuirty Systems Limited
Racal-Guardall (England) Limited
Union Locks Limited
L & F Willenhall Limited
Racal-Acoustics Limited
Racal Antennas Limited
Racal Automation Limited
Racal Communications Limited
Racal Communications Systems Limited
Racal-Comsec Limited
Racal Engineering Limited
Racal Finance Limited
Racal Group Services Limited
Racal-Guardall (Scotland) Limited (Scotland)
Racal-Guardall (Sales) Limited
Racal Information Technology Developments Limited
Racal Instrumentation Limited
Racal-Dana Instruments Limited
Racal Recorders Limited
Racal International Limited
Racal Management Services Limited
Racal Microelectronic Systems Limited
Racal-Milgo Limited
Racal-Milgo Manufacturing Limited
Racal-Milgo Sales Limited
Racal-Milgo Systems Limited
Racal Oil and Gas Limited
Racal Properties Limited
Racal-Redac Limited
Racal-Redac UK Limited
Racal Research Limited
Racal Safety Limited
Racal SES Limited
Racal-Tacticom Limited
British Communications Corporation Limited
Racal Carlton Limited
Racal Messenger Limited
Racal-Mobilcal Limited
Racal Seaton Limited
Racal-Tacticom International Manufacturing Limited
Racal-Tacticom Systems Limited
Racal Telecommunications Group Limited
Racal-Millicom Limited
Racal-Vodac Limited
Racal-Vodafone Limited
Racal Telecommuncations Products Limited
Racal-Vodacom Limited
Racal-Vodapage Limited
Racal-Vodata Limited
Racal Training Services Limited

Subsidiaries (North America):

The Racal Corporation
122 East 42nd Street
New York, New York 10168
(212) 661-2926

North American Corporate Headquarters:

The Racal Corporation
1800 Corporate Boulevard, NW
Boca Raton, Florida 33431
(305) 997-9554

DATA COMMUNICATIONS:

Racal-Milgo
1601 N. Harrison Parkway
Sunrise, Florida 33323
(305) 475-1601

Racal-Vadic
1525 McCarthy Boulevard
Milpitas, California 95035
(408) 432-8008

SPECIALIZED ELECTRONICS

Racal-Dana Instruments, Inc.
4 Goodyear Street
Irvine, California 92718
(714) 859-8999

Racal Recorders, Inc.
4 Goodyear Street
Irvine, California 92718
(714) 380-0900

Racal-Redac, Inc.
Westford, Massachusetts 01886
(617) 692-4900

AVIONICS and MARINE ELECTRONICS

Racal Avionics, Inc.
8851 Monard Drive
Silver Spring, Maryland 20910
(301) 495-6695

Racal-Decca Canada Ltd.
1290 Aimco Boulevard
Mississauga, Ontario L4W 1B2 Canada
(416) 629-3099

Racal Marine Inc.
70 Jackson Drive
Cranford, New Jersey 07016
(201) 272-4222

Racal Survey, Inc.
4281 Dacoma
Houston, Texas 77092
(713) 691-2363

DEFENSE ELECTRONICS

Racal Communications, Inc.
5 Research Place
Rockville, Maryland 20850
(301) 948-4420

Racal (Canada) Inc.
1806 Woodward Drive
Ottawa, Ontario K2C OP7 Canada
(613) 225-4640

HEALTH and SAFETY

Racal Airstream, Inc.
7309A Grove Road
Frederick, Maryland 21701
(301) 695-8200

SECURITY

Racal-Chubb Canada Inc.
5201 Explorer Drive
Mississauga, Ontario L4W 4H1 Canada
(416) 629-2600

Racal-Chubb Security Systems, Inc.
5025 Burnet Road
Austin, Texas 78756
(512) 458-8104

Racal-Guardall, Inc.
7309 Grove Road
Frederick, Maryland 21701
(301) 695-8010

Racal-Guardata, Inc.
606 East Chapman Avenue
Orange, California 92666
(714) 771-7250

ACS Communications Systems, Inc.
1820 Michael Faraday Drive
Reston, Virginia 22090
(703) 471-0892

National Foam Systems, Inc.
150 Gordon Drive
Lionville, Pennsylvania 19353
(215) 363-1400

Transfer Agent(s):

Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL England

Stock Exchange(s): London

Number of Employees:

1987 32,418   1986 32,545

Sales & Earnings

		Net Sales (000's)		Net Income † (000's)
1987	£	1,290,847	£	64,448
1986		1,266,331		61,042
1985		1,106,971		85,669
1984		815,650		79,185
1983		762,218		73,274

	No. of Com. Shares ‡	Earn per Shares † ‡
1987	572,009,998	11.27p
1986	570,733,214	10.70

£ - Pound sterling
† Before extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987 (000's)	1986 (000's)
Security	£ 395,115	£ 356,259
Data communications	278,376	271,231
Radio communications	131,487	184,348
Defense Radar & Avionics	126,913	131,384
Marine & energy	110,197	131,842
Telecommunications	68,706	34,563
Specialized bus. activities	180,053	156,704
Total	£ 1,290,847	£ 1,266,331

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	3.30p	—	—
1986	3.0345	—	

Common Stock Equity
(000's)

	Total Equity †	Equity Per Share ‡
1987	£ 447,142	78.17p
1986	429,412	75.24
1985	431,497	—
1984	366,448	—
1983	311,020	—

† Net of intangible fixed assets
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Mar. 31	1987	1986
Turnover	£ 1,290,847	£ 1,266,331
Cost of sales	836,211	852,160
Selling & distr. exp.	182,453	169,848
Administrative exp.	147,223	130,755
Share of loss (inc.) of assoc. cos.	(660)	10
Interest expense	33,916	33,496
Interest income	(8,557)	(10,149)
Income bef. taxes	£ 100,261	£ 90,211
Income taxes	35,765	28,142
Minority interest	48	1,027
Net Income	£ 64,448	£ 61,042
Extraord. loss	(18,770)	(14,175)
Net Income & extraord. loss	£ 45,678	£ 46,867

* Included in Costs and Expenses, Depreciation: £ 62,908,000 in 1987 and £ 55,275,000 in 1986.

Assets
(000's)

As of Mar. 31		
Cash	£40,636	£77,025
*Stocks	295,749	290,833
Debtors	492,853	488,148
Investments	389	313
Deposits	84,375	62,325
Currents assets	£ 914,002	£ 918,644
Investments	2,012	1,238
#Fixed assets	344,546	338,990
Intangibles	2,435	3,419
Total Assets	£ 1,262,995	£ 1,262,291

Liabilities
(000's)

Long-term debt, curr.	£ 23,559	£ 7,058
Short-term borrowings	110,923	110,173
Accts. payable	130,080	133,691
Amts. owed to assoc. cos.	162	952
Accruals	134,809	113,852
Deferred purch. agree.	1,513	591
Proposed dividend	14,310	12,972
Advance receipts	29,282	36,866
Taxes	59,029	58,599
Other creditors	20,088	21,450
Curr. Liabilities	£ 523,755	£ 496,204
Long-term debt	255,865	297,251
Other liabilties	30,252	28,760
Minority interest	3,546	7,245
+Common stock	156,155	142,865
Add. paid-in capital	159,622	80,518
Revaluation reserve	6,471	6,058
Other reserves	5,397	9,987
Profit and loss account	121,932	193,403
Total Liabilites & Shareholders' Equity	£ 1,262,995	£ 1,262,291

* At lower of cost and estimated net relizable value.
# Less accumulated depreciation.
+ 25p par value.

Statistical Summary

%Income bef. taxes to Sales	7.77	7.12
%Net Income to Sales	4.99	4.82
%Net Income to Equity	14.34	14.10
Sales to Inventories	4.36	4.35
Debt to Equity	0.87	0.96
Working Capital	£ 390,247,000	£ 422,440,000
Current Ratio	1.75	1.85
Shareholders' Equity	£ 449,577,000	£ 432,831,000

Radiation Systems, Inc.

1501 Moran Road
Sterling, Virginia 22170
(703) 450-5680

Officers: Richard E. Thomas, chairman of the board, chief exec. officer & treasurer; Harold Gruen, president & chief operating officer; Junius H. Arnold, Jr., sr. v.p.; Harold Aryai Siegel, v.p.; R. Doss McComas, v.p. & general counsel; Richard W. Patton, v.p.; Yari V. Vondrich, v.p.; Marvin D. Shoemake, v.p., & president of SatCom Technologies; Anita M. Stutzman, secretary.

Directors: Richard E. Thomas, chairman; Lee M. Paschall, Irvin G. Ray, John D. Sanders, Harold Gruen.

Areas of Work: Designs, manufactures and installs high-technology antenna products for the military, air traffic control, satellite and point-to-point communications markets.

Divisions:

Universal Antennas
900 Alpha Drive
Richardson, Texas 75081
(214) 644-6322

SatCom Technologies
4825 River Green Parkway
Duluth, Georgia 30136
(404) 497-8800

Mark Antennas
2180 S. Wolf Road
Des Plaines, Illinois 60018
(312) 298-9420

Mexia Fabricators, Inc.
1200 North Avenue B
P.O. Box 458
Wortham, Texas 76693
(817) 765-3304

Technical Products
1501 Moran Road
Sterling, Virginia 22170
(703) 450-5680

Satellite Network Antennas
4825 River Green Parkway
Duluth, Georgia 30136
(404) 497-0829

Transfer Agent(s):

The Riggs National Bank of Washington, D.C.
1120 Vermont Avenue
Washington, Washington D.C. 20005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RADS (NASDAQ)

Number of Employees:

1988	400	1985	413
1987	421	1984	283
1986	472		

Plant Footage:

1988	338,000 sq. ft.	1985	344,000
1987	319,000	1984	290,000
1986	387,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 44,327,000	$ 4,045,000
1987	43,812,000	3,115,000
1986	47,508,000	4,199,000
1985	33,488,000	3,169,000
1984	30,045,000	4,496,000

	No. of Com. Shares	Earn. per Share †
1988	4,915,000	$ 0.79
1987	5,561,000	0.56
1986	5,586,000	0.87
1985	4,562,000	0.70
1984	4,502,000	1.00

† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988 (000's)	%	1987 (000's)	%
Commercial satellite comm.	$ 15,000	34 %	$ 17,600	40 %
Tactical military	8,700	20	8,200	19
Terrestrial microwave	8,600	19	7,900	18
Scientific/special applic.	6,300	14	7,900	18
Radar/navigation aids	5,700	13	2,200	5
Total	$ 44,300	100 %	$ 43,800	100 %

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 49,068,000	$ 9.98
1987	51,051,000	9.18
1986	48,180,000	8.63
1985	30,433,000	6.67
1984	27,045,000	6.01

Income Account*

Year ended June 30	1988	1987
Net sales	$ 44,327,000	$ 43,812,000
Other income	917,000	682,000
Total income	$ 45,244,000	$ 44,494,000

Cost of sales	32,369,000	31,387,000
Expenses	8,564,000	7,492,000
Interest expense	243,000	316,000
Income before taxes	$ 4,068,000	$ 5,299,000
Income taxes	23,000	2,184,000
Net Income	$ 4,045,000	$ 3,115,000

* Included in Costs and Expenses, Depreciation: $1,543,000 in 1988 and $1,542,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 701,000	$ 100,000
Short-term invest.	12,946,000	15,851,000
Accts. receiv., net	12,412,000	12,567,000
Unbilled costs & accrued profits	12,120,000	16,883,000
Refundable taxes	—	20,000
*Inventories	9,691,000	8,361,000
Other current assets	467,000	708,000
Current Assets	$ 48,337,000	$ 54,490,000
Other assets	4,039,000	3,961,000
#Fixed assets	10,764,000	10,768,000
Total Assets	$ 63,140,000	$ 69,219,000

Liabilities

Mortg. payable	$ 1,162,000	$ 685,000
Accts payable	4,332,000	4,280,000
Cust. advances	273,000	322,000
Accrued profit sharing	511,000	489,000
Accrued payroll	1,038,000	779,000
Deferred compens. pay.	82,000	82,000
Income taxes payable	233,000	—
Deferred inc. taxes	2,643,000	6,832,000
Other curr. liabilities	381,000	349,000
Curr. liabilities	$ 10,655,000	$ 13,818,000
Mortg. payable	1,936,000	2,550,000
Deferred compens. pay.	—	82,000
Deferred inc. taxes	1,481,000	1,718,000
+ Common stock	5,656,000	5,636,000
Add. paid-in capital	22,112,000	21,906,000
Retained earnings	27,799,000	24,278,000
Treasury stock	(6,499,000)	(769,000)
Total Liabilities & Shareholders' Equity	$ 63,140,000	$ 69,219,000

* At lower of cost (FIFO) or market.
# Less accumuated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	9.18	12.09
% Net Income to Sales	9.13	7.11
% Net Income to Equity	8.24	6.10
Sales to Inventories	4.57	5.24
Debt to Equity	0.06	0.06
Working Capital	$ 37,682,000	$ 40,672,000
Current Ratio	4.54	3.94
Shareholders' Equity	$ 49,068,000	$ 51,051,000

Radio Frequency Company, Inc.

150 Dover Road
Millis, Massachusetts 02054
(617) 762-4900

Officers: Melvyn H. Harris, chairman of the board & treasurer; Thomas W. James, president & chief exec. officer; Wallace J. Ross, v.p.; Michael L. Piechota, controller; Ruth Y. Manwaring, clerk.

Directors: Norman Barlow, Ruth Y. Manwaring, A. Lee MacPhail, Robert L. Warren, Jr., Melvyn H. Harris, Rosamond B. Andrews, Thomas W. James.

Areas of Work: Designs, manufactures and sells high technology, high precision heat processing systems for the industrial market.

Transfer Agent(s):

Boston Safe Deposit & Trust
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Sales & Earnings

	Revenues	Net Income
1989	$ 3,781,672	$ 568,325
1988	1,677,813	(295,104)
1987	2,249,622	155,157
1986	2,716,315	254,730
1985	2,765,687	252,335

	No. of Com. Shares +	Earn. per Share #
1989	897,792	$ 0.63
1988	897,792	—
1987	897,792	0.17
1986	897,792	0.28
1985	897,792	0.28

(Loss)
+ Adjusted to reflect stock splits.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1989	$ 0.28	—	2-for-1
1988	0.27	—	
1987	0.27	—	—
1986	0.25	—	—
1985	0.35	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 2,435,866	$ 2.71
1988	1,993,232	2.22
1987	2,409,538	2.68
1986	2,369,754	2.64
1985	2,209,446	2.46

‡ Adjusted to reflect stock splits.

Income Account *

Year ended March 31	1989	1988
Revenues	$ 3,863,915	$ 1,707,880
Cost of sales	2,212,941	1,559,808
Expenses	804,247	671,740
Other income	(57,314)	(21,264)
Income (loss) before taxes	$ 904,041	$ (502,404)
Income taxes (credit)	335,716	(207,300)
Net Income (Loss)	$ 568,325	$ (295,104)

* Included in Costs and Expenses, Depreciation: $120,790 in 1989 and $129,900 in 1988.

Assets

As of March 31	1989	1988
Cash	$ 1,006,363	$ 422,109
Accts. receiv., net	671,178	186,327
Inc. tax refund	—	192,000
*Inventories	899,946	1,061,672
Prepaid expenses	61,560	3,174
Current Assets	$ 2,639,047	$ 1,865,282
#Fixed assets	762,206	826,120
Total Assets	$ 3,401,253	$ 2,691,402

Liabilities

Accts. payable	$ 103,988	$ 93,511
Accrued inc. taxes	392,000	—
Other accruals	240,425	111,443
Customer progress payments	192,574	464,716
Curr. Liabilities	$ 928,987	$ 669,670
Deferred inc. taxes	36,400	28,500
+Common stock	1,028,968	514,484
Add. paid-in capital	361,192	361,192
Retained earnings	1,444,377	1,516,227
Treasury stock	(328,671)	(328,671)
Note receivable	(70,000)	(70,000)
Total Liabilities & Shareholders' Equity	$ 3,401,253	$ 2,691,402

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	23.91	—
%Net Income to Sales	15.03	—
%Net Income to Equity	23.33	—
Sales to Inventories	0.24	1.61
Working Capital	$ 1,710,060	$ 1,195,612
Current Ratio	2.84	2.79
Shareholders' Equity	$ 2,435,866	$ 1,993,232

Ragen Corporation

9 Porete Avenue
North Arlington, New Jersey 07032
(201) 997-1000

Officers: I.L. Lopata, chairman of the board; Eugene E. Lopata, president; Alexander C. Tomkins, Jr., secretary & treasurer; Arnold Herman, v.p.-planning; Jay W. Gardner, controller.

Directors: I.L. Lopata, chairman; Eugene E. Lopata, A.C. Tomkins, Jr., Bohdan J. Kekish, Paul A. Fund, Robert Mosby.

Areas of Work: Manufactures precision mechanical components for the business equipment, automotive and nuclear industries; and manufactures and leases proprietary products and systems for government and industry.

Subsidiaries:

Ragen Systems, Inc.
North Arlington, New Jersey

Ragen Precision, Inc.
North Arlington, New Jersey

Ragen International Corp.
North Arlington, New Jersey

Ragen Leasing Company, Inc.
North Arlington, New Jersey

Transfer Agent(s):

American Stock Transfer & Trust Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RAGN (NASDAQ)

Number of Employees:

1988	N.A.
1987	407
1986	460
1985	517
1984	583

Plant Footage:

1988 .... N.A. 1986 180,000
1987 .... 137,000 sq. ft. 1985 187,000

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 8,428,000	$ (1,751,000)
1987	12,826,000	(4,619,000)
1986	14,061,000	(840,000)
1985	16,310,000	(689,000)
1984	13,844,000	(2,018,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1988	4,881,000	$ —
1987	4,873,000	—
1986	4,851,000	—
1985	4,810,000	—
1984	4,703,000	—

(Loss)
+ Of continuing operations only.
‡ Based on the average number of shares outstanding.

Revenues by Line of Business

	1988 (000's)	%	1987 (000's)	%
Precision mech. components	$ 6,217	74 %	$ 10,644	83 %
Proprietary systems & equipment	2,211	26	2,182	17
Total	$ 8,428	100 %	$ 12,826	100 %

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 3,456,000	$ 0.71
1987	5,198,000	1.07
1986	9,780,000	2.02
1985	10,342,000	2.15
1984	10,946,000	2.33

‡ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net sales	$ 8,428	$ 12,826
Other income	208	139
Total income	$ 8,636	$ 12,965
Cost of sales	8,142	10,025
Expenses	2,355	2,650
Interest expense	454	577
Insur. proceeds	—	(200)
Research & develop.	47	92
Other costs	560	1,029
Loss-cont. oper.	$ (2,922)	$ (1,208)
Inc. (loss)-discont. oper.	1,171	(3,411)
Net Loss	$ (1,751)	$ (4,619)

* Included in Costs and Expenses, Depreciation and Amortization: $867,000 in 1988 and $884,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash	$ 284	$ 305
Marketable securities	1,953	53
Accts. receiv., net	1,441	1,311
*Inventories	2,423	3,080
Prepaid expenses	116	140
Net assets of discont. oper.	—	2,433
Current Assets	$ 6,217	$ 7,322
#Fixed assets	3,497	4,099
Net assets of discont. oper.	—	2,507
Other assets	354	540
Total Assets	$ 10,068	$ 14,468

Liabilities
(000's)

	1988	1987
Notes payable & long-term debt, curr.	$ 395	$ 2,195
Accts. payable	1,116	1,437
Deferred revenue	472	1,046
Est. legal fees	350	150
Flood damage repairs	—	136
Accruals	1,002	567
Net liab. of discont. oper.	647	—
Curr. Liabilities	$ 3,982	$ 5,531
Long-term debt	2,630	3,739
+Common stock	610	609
Add. paid-in capital	11,202	11,194
Retained earnings (deficit)	(8,356)	(6,605)
Total Liabilities & Shareholders' Equity	$ 10,068	$ 14,468

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.125 par value.

Statistical Summary

Sales to Inventories	3.48	4.16
Debt to Equity	0.88	1.14
Working Capital	$ 2,235,000	$ 1,791,000
Current Ratio	1.56	1.32
Shareholders' Equity	$ 3,456,000	$ 5,198,000

RAI Research Corporation

(Acquired by Pall Corporation in September 1988.)

2200 Northern Blvd.
East Hills, New York 11548
(516) 273-0911

Officers: Sol J. Arditti, chairman, president & treasurer; Vincent F. D'Agostino, v.p. & secretary; Charles P. Lipair, v.p.; Robert J. Pascuzzi, v.p.-RAI Action Leasing.

Directors: Sol J. Arditti, chairman; Vincent F. D'Agostino, Charles P. Lipari, Ernest J. Henley, V. Lawrence Parsegian, Irwin E. Russell.

Area of Work: Manufactures and markets membranes, including battery separators, used primarily in alkaline electrochemical energy conversion systems; manufactures and markets electronic instrumentation utilizing ultrasonic technology and also sophisticated medical devices including a lithotriptor for gastroenerology procedures and endoscopy instruments used in medical testing applications; and leases equipment.

Divisions and Subsidiaries:

Membrane Division
EMC Division
RAI/Action Leasing Corporation

Number of Employees:

1987 .... 69 1986 131

Plant Footage:

1987 .... 62,000 sq. ft. 1986 62,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 6,295,690	$ 656,810
1986	7,425,270	1,010,872
1985	6,168,398	1,180,458
1984	5,372,898	501,226
1983	5,528,922	739,749

	No. of Com. Shares ‡	Earn. per Share ‡
1987	2,396,167	$ 0.27
1986	2,395,092	0.42
1985	2,390,937	0.49
1984	2,396,083	0.21
1983	2,395,125	0.31

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues by Line of Business

	1987	1986
Membranes	$ 4,878,614	$ 5,975,012
Electronic equipment	1,044,243	911,022
Leasing	372,833	539,236
Total	$ 6,295,690	$ 7,425,270

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	7%	—
1986	—	5%	
1985	—	5%	—
1984	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 9,097,978	$ 3.80
1986	8,444,956	3.53
1985	7,435,030	3.11
1984	6,258,460	2.61
1983	5,761,986	2.41

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account*

Year ended May 31	1987	1986
Net sales	$ 6,295,690	$ 7,425,270
Cost of sales	3,866,145	4,344,861
Expenses	1,733,488	1,647,049
Direct rental expenses	147,038	42,120
Interest expense	133,086	33,832
Other income	(716,677)	(519,436)
Income before taxes	$ 1,132,610	$ 1,876,844
Income taxes	475,800	821,000
Income from cont. oper.	$ 656,810	$ 1,055,844
Loss from discont. oper.	—	(44,972)
Net Income	$ 656,810	$ 1,010,872

* Included in Costs and Expenses, Depreciation and Amortization: $366,533 in 1987 and $330,996 in 1986.

Assets

As of May 31	1987	1986
Cash	$ 238,292	$ 78,629
Cert. of deposit	236,121	5,301,833
Treasury bills	4,855,000	—
Accts. receiv., net	718,362	1,291,725
*Inventories	847,391	620,031
Prepaid inc. taxes	259,435	—
Prepaid expenses	132,706	78,700
Current Assets	$ 7,287,307	$ 7,370,918
#Fixed assets	3,670,489	3,367,254
Cert. of deposit being held	—	250,000
Other assets	553,864	405,741
Total Assets	$ 11,511,660	$ 11,393,913

Liabilities

	1987	1986
Long-term debt, curr.	$ 136,667	$ 136,667
Accts. payable	181,018	32,532
Accruals	203,138	444,240
Customer advances	—	11,477
Income taxes	—	207,756
Curr. Liabilities	$ 520,823	$ 832,672
Long-term debt	1,266,667	1,440,000
Deferred inc. taxes	626,192	676,285
+Common stock	23,894	22,336
Add. paid-in capital	5,829,621	4,709,304
Retained earnings	3,244,463	3,713,316
Total Liabilities & Shareholders' Equity	$ 11,511,660	$ 11,393,913

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
$0.01 par value.

Statistical Summary

	1987	1986
%Income bef. Taxes to Sales	17.99	—
%Net Income to Sales	10.43	—
%Net Income to Equity	7.22	11.97
Sales to Inventories	7.43	11.98
Debt to Equity	0.15	0.19
Working Capital	$ 6,766,484	$ 6,538,246
Current Ratio	13.99	8.85
Shareholders' Equity	$ 9,097,978	$ 8,444,956

Ramtek Corporation

2211 Lawson Lane
Santa Clara, California 95054
(408) 988-2211

Officers: Charles E. McEwan, chairman of the board, chief exec. officer & president; Thomas J. Adams, exec. v.p. & chief financial officer; Joseph G. Morris, sr. v.p.-Napa Division; Charles T. Masters, sr. v.p.; G. William Theriault, v.p. & controller; James A. Swanson, v.p., general counsel & secretary; Stephen R. Johnson, v.p.-sales; Kieth E. Sorenson, v.p.-engineering & product development; David R. O'Brien, v.p.-engineering; Peter Still, v.p.-European operations.

Directors: Charles E. McEwan, chairman; Rolf Eliassen, Thomas J. Adams, Norman A. Kidd, Gary A. Land.

Areas of Work: The Company manufactures and markets computer graphic display systems for use in process control, computer aided design/manufacturing, and business graphics. Also, the corporation manufactures color hardcopy devices such as printers and cameras which reproduce the graphic images from the computer terminal on plain paper, film, overhead transparencies, slides and prints. Other products include monitors which provide the visual output generated by the display system and customized intelligent terminals.

Division(s):

Napa Division
195 Soscol Avenue
Napa, California 94559
(707) 255-7370

Configures custom graphics systems for specialized small volume application.

Transfer Agent(s):

Bank of America NT & SA
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RMTK (NASDAQ)

Number of Employees: (at fiscal year-end)

1987	303	1985	463
1986	319		

Plant Footage:

1987	85,000 sq. ft.	1986	85,000

Sales & Earnings

	Net Sales +	Net Income †
1987	$ 34,471,000	$ 365,000
1986	30,892,000	(3,552,000)
1965	43,996,000	(2,116,000)
1984	34,581,000	(15,354,000)
1983	41,143,000	842,000

	No. of Com. Shares #	Earn. per Share † #
1987	4,057,000	$ 0.09
1986	3,498,000	—
1985	3,441,000	—
1984	3,402,000	—
1983	2,937,000	0.29

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $81,000 ($0.02 per share) in 1987.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 15,670,000	$ 3.86
1986	15,004,000	4.29
1985	17,236,000	5.01
1984	19,177,000	5.64
1983	34,497,000	11.75

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 34,471,000	$ 30,892,000
Cost of sales	17,926,000	20,088,000
Expenses	14,790,000	19,040,000
Interest expense	1,372,000	1,236,000
Prov. for loss on real est.	—	1,536,000
Gain rel. to invest. in affil.	—	(7,456,000)
Income (loss) bef. taxes	$ 383,000	$ (3,552,000)
Income taxes	99,000	—
Net Income (Loss)	$ 284,000	$ (3,552,000)
Extraord. gain	81,000	—
Net Income (Loss) & extraord. gain	$ 365,000	$ (3,552,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,802,000 in 1987 and $3,660,000 in 1986.

Assets

As of June 30	1987	1986
Cash & short-term securities	$ 902,000	$ 4,000
Accts. receiv., net	13,207,000	9,140,000
* Inventories	12,250,000	14,451,000
Prepaid expenses	272,000	221,000
Current assets	$ 26,631,000	$ 23,816,000
# Fixed assets	6,950,000	8,660,000
Software develop. costs	785,000	—
Deferred debt issurance costs	1,154,000	—
License agree. & rel. costs	342,000	560,000
Total Assets	$ 35,862,000	$ 33,036,000

Liabilities

	1987	1986
Notes payable	$ —	$ 6,413,000
Accts. payable	4,256,000	5,223,000
Accruals:		
Compensation	866,000	1,182,000
Accrued interest	392,000	—
Other	718,000	1,444,000
Cap. lease oblig., curr.	810,000	1,154,000
Long-term debt, curr.	105,000	105,000
Curr. Liabilities	$ 7,147,000	$ 15,521,000
Cap. lease oblig.	1,365,000	2,207,000
Long-term debt	11,680,000	304,000
+ Common stock	40,000	28,529,000
+ Jr. common stock	1,000	193,000
Add. paid-in capital	29,362,000	—
Shareholders' notes receiv.	(1,398,000)	(1,018,000)
Retained earnings (deficit)	(12,335,000)	(12,700,000)
Total Liabilities & Shareholders' Equity	$ 35,862,000	$ 33,036,000

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

	1987	1986
%Income bef. Taxes to Sales	1.11	—
%Net Income to Sales	0.82	—
%Net Income to Equity	1.81	—
Sales to Inventories	2.81	2.14
Debt to Equity	0.89	0.68
Working Capital	$ 19,484,000	$ 8,295,000
Current Ratio	3.73	1.53
Shareholders' Equity	$ 15,670,000	$ 15,004,000

Raven Industries, Inc.

205 E. 6th Street
Sioux Falls, South Dakota 57117
(605) 336-2750

Mailing address:
P.O. 1007
Sioux Falls, South Dakota 57117

Officers: Conrad J. Hoigaard, chairman of the board; David A. Christensen, president & chief executive officer; Gary L. Conradi, v.p.-corp. services; James A. Winker, v.p.-Applied Technology Div.; Ronald M. Moquist, exec. v.p.; Arnold J. Thue, v.p.-finance, treasurer & secretary.

Directors: John H. Burg, David A. Christensen, Conrad J. Hoigaard, W. Ray Laird, Jr., Robert G. May, John C. Skoglund.

Divisions:

Sportswear Division

Products include the "Swing West" line of ski clothing, "Raven" line of snowmobile suits and general outerwear, "Comfy" down insulated garments, "AFRC" cross-country ski clothing, "Gore-Tex" military and hunting clothes, as well as private label garments.

Plastics Division

Products include fiberglass and polyethylene tanks for agricultural, industrial and water conditioning use, custom fabricated fiberglass parts and designs for water and sewage treatment markets, and the construction and machinery markets, fiberglass pickup truck toppers, and fiberglass utility truck bodies.

Electronic Systems Division

Products include batch weighing, control and inventory systems; turbine helicopter auto-restart units, audio amplifiers, industrial annunciators, turbine engine speed controls, turbine engine test sets, FAA radio beacon monitor alarms, telemetry systems, U.S. Government electronic assemblies, electronic agricultural and industrial products and printed circuit assembly services.

Applied Technology Division

Products and services include plastic tarpaulins, hot air sports balloons, high altitude research balloons, heavy load lifting balloons, decelerators (parachutes), contract engineering and research, hot air blimps, and AdverBlimps.

Subsidiaries:

Aerostar International, Inc.
Beta Raven, Inc.
Manufactures Electronic Control Systems

Glasstite, Inc.
Dunnell, Minnesota
Manufactures fiberglass pickup toppers and utility truck bodies.

Astoria Industries, Inc.
Jackson, Minnesota
Manufactures fiberglass utility truck bodies.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Norwest Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: RAV

Number of Employees: (at fiscal year end)

1988	1,034
1987	942
1986	664
1985	765
1984	840

Sales & Earnings

	Net Sales	Net Income
1988	$ 64,304,867	$ 2,656,052
1987	52,303,056	2,121,678
1986	41,899,124	1,610,693
1985	44,581,925	2,608,899
1984	38,983,678	1,956,456

	No. of Com. Shares	Earn. per Share‡
1988	1,585,836	$ 1.66
1987	1,577,857	1.34
1986	1,562,199	1.02
1985	1,548,039	1.66
1984	1,529,192	1.2[illegible]

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Plastic division	$ 19,123,000	$ 14,669,000
Sportswear division	11,334,000	9,172,000
Applied technology division	21,294,000	18,820,000
Electronic systems division	12,554,000	9,642,000
Total	$ 64,305,000	$ 52,303,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.043	—	—
1987	0.042	—	
1986	0.042	—	—
1985	0.375	—	—
1984	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 19,170,349	$ 12.09
1987	17,154,516	10.87
1986	15,658,863	10.02
1985	14,666,736	9.47
1984	12,591,367	8.23

Income Account*

Year ended Jan. 31	1988	1987
Net sales	$ 64,304,867	$ 52,303,056
Cost of sales	50,013,247	40,000,445
Expenses	9,308,143	8,052,922
Interest expense	656,980	468,771
Other income	(63,555)	(137,760)
Income before taxes	$ 4,390,052	$ 3,918,678
Income taxes	1,734,000	1,797,000
Net income	$ 2,656,052	$ 2,121,678

* Included in Costs and Expenses, Depreciation: $2,187,752 in 1988 and $1,663,085 in 1987.

Assets

As of Jan. 31	1988	1987
Cash	$ 1,017,506	$ 233,517
Accts. receiv., net	8,187,097	6,372,802
*Inventories	12,210,961	11,283,858
Prepaid expenses	379,832	525,436
Current Assets	$ 21,795,396	$ 18,415,613
#Fixed assets	9,672,288	7,854,868
Other assets	2,452,772	2,576,221
Total Assets	$ 33,920,456	$ 28,846,702

Liabilities

Long-term debt, curr.	$ 1,222,242	$ 957,472
Accts. payable	3,903,348	2,617,824
Accruals	3,453,239	2,880,977
Customers advances	219,780	164,494
Curr. Liabilities	$ 8,798,609	$ 6,620,767
Long-term debt	5,254,498	4,485,419
Deferred income taxes	697,000	586,000
+Common stock	1,585,836	1,577,857
Add. paid-in capital	2,595,384	2,563,376
Retained earnings	14,989,129	13,013,283
Total Liabilities & Shareholders' Equity	$ 33,920,456	$ 28,846,702

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.83	7.49
%Net Income to Sales	4.13	4.06
%Net Income to Equity	13.86	12.37
Sales to Inventories	5.27	4.64
Debt to Equity	0.34	0.32
Working Capital	$ 12,996,787	$ 11,794,846
Current Ratio	2.48	2.78
Shareholders' Equity	$ 19,170,349	$ 17,154,516

Raychem Corporation

300 Constitution Drive
Menlo Park, California 94025-1164
(415) 361-3333

Officers: Paul M. Cook, chairman of the board & chief executive officer; Robert M. Halperin, president & chief operating officer; Robert Saldich, sr. v.p.; Edward A. Keible, Jr., sr. v.p.; William A. Berry, v.p. & chief admin. officer; Michael T. Everett, sr. v.p. & secretary; William E. Mitchell, sr. v.p.; James B. Spradling, v.p.; Harry O. Postlewait, v.p.; Frederick M. Grafton, v.p.; Gerald R. Delaney, v.p.; Joachim H. Ohme, v.p.; David D. Taft, v.p.; Thomas S. Huseby, v.p.; Raymond J. Sims, treasurer; Francis J. Lunger, v.p.-finance.

Directors: Paul M. Cook , chairman; Robert G. Engel, Detlev K. Rohwedder, Robert M. Halperin, J. Kenneth Jamieson, James F. Gibbons.

Areas of Work: The Electronics business segment includes the development, manufacture and sale of electrical and electronic interconnection systems, wire and cable, heat-shrinkable insulation, circuit protection devices, connectors, fiber optics, heating devices and fluid fittings.

The Industrial business segment consists of the development, manufacture and sale of electric heat-tracing systems, power cable accessories, electric insulation products, heat-shrinkable sleeves and coatings for pipeline protection, leak detection systems and cathodic protection products.

The Telecommunications business segment consists of the development, manufacture and sale of systems that connect, protect, repair and seal outside-plant telecommunication networks. Products include telephone cable splice cases, aerial closure systems, cable repair sleeves and cable termination products.

The Ventures and Other business segment includes the research and development, manufacture and sale of liquid crystal displays, packages for single and multiple integrated circuits, optic technologies and systems, and touch screen systems.

Subsidiaries:

Advanced Packaging Systems
Manufactures microelectronic interconnection and packaging products.

Raynet Corporation
Manufactures fiber-optic subscriber-loop distribution systems.

Taliq Corporation
Manufactures liquid crystal displays.

Walter Rose GmbH & Co. KG
German manufacturer of industrial products.

Elographics, Inc.
Manufacturer of touch screen products used as computer input devices.

Acquisition:

Sigmaform Corporation
Manufactures and markets proprietary heat shrinkable systems primarily for the electrical power and telecommunications industries.

Transfer Agent(s):

First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: RYC

Number of Employees:

1988	10,909
1987	9,899
1986	9,928
1985	9,589
1984	8,867

Plant Footage:

1988 . . . . . . 5,181,000 sq. ft.

Raychem Corporation

Sales & Earnings

	Net Sales	Net Income
1988	$ 1,094,733,000	$ 125,285,000
1987	944,434,000	73,599,000
1986	797,632,000	48,790,000
1985	679,770,000	29,195,000
1984	629,862,000	37,166,000

	No. of Com. Shares #	Earn. per Share #
1988	33,979,365	$ 3.69
1987	32,738,442	2.25
1986	31,508,283	1.55
1985	30,430,224	0.96
1984	29,005,599	1.28

# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.22	—	3-for-1
1987	0.15	—	
1986	0.15	—	—
1985	0.15	—	—
1984	0.15	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 722,155,000	$ 21.25
1987	570,946,000	17.44
1986	452,464,000	14.36
1985	355,838,000	11.69
1984	322,528,000	11.12

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 1,094,733,000	$ 944,434,000
Cost of sales	499,938,000	451,753,000
Expenses	443,415,000	382,634,000
Interest expense	6,335,000	11,576,000
Gain on sale of subsid.	(18,067,000)	—
Other income	(6,192,000)	(2,350,000)
Income before taxes	$ 169,304,000	$ 100,821,000
Income taxes	44,019,000	27,222,000
Net Income	$ 125,285,000	$ 73,599,000

* Included in Costs and Expenses, Depreciation and Amortization: $62,738,000 in 1988 and $55,192,000 in 1987.

Assets

As of June 30	1988	1987
Cash & cash equiv.	$ 132,825,000	$ 55,131,000
Accts. receiv., net	243,563,000	212,925,000
* Inventories	201,301,000	181,693,000
Prepaid taxes	32,895,000	29,703,000
Other curr. assets	51,654,000	25,305,000
Current Assets	$ 662,238,000	$ 504,757,000
# Fixed assets	401,883,000	368,254,000
Other assets	84,854,000	53,909,000
Total Assets	$ 1,148,975,000	$ 926,920,000

Liabilities

Notes payable	$ 87,636,000	$ 104,901,000
Long-term debt, curr.	6,152,000	5,131,000
Accts. payable	50,296,000	41,294,000
Compensation & benefits	66,374,000	57,659,000
Accruals	44,959,000	30,691,000
Income taxes	49,638,000	38,039,000
Curr. Liabilities	$ 305,055,000	$ 277,715,000
Long-term debt	35,458,000	22,377,000
Deferred inc. taxes	29,212,000	25,676,000
Other liab.	29,609,000	27,484,000
Minority interest	27,486,000	2,722,000
+ Common stock	34,290,000	33,132,000
+ Series B stock	2,400,000	2,400,000
Add. paid-in capital	187,568,000	161,775,000
Retained earnings	513,533,000	395,622,000
For. curr. trans.	(3,532,000)	(8,962,000)
Notes receiv. from sale of stock	(12,104,000)	(13,021,000)
Total Liabilities & Shareholders' Equity	$ 1,148,975,000	$ 926,920,000

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.47	10.68
%Net Income to Sales	11.44	7.79
%Net Income to Equity	17.35	12.89
Sales to Inventories	5.44	5.20
Debt to Equity	0.18	0.23
Working Capital	$ 357,183,000	$ 227,042,000
Current Ratio	2.17	1.82
Shareholders' Equity	$ 722,155,000	$ 570,946,000

Raytheon Company

141 Spring Street
Lexington, Massachusetts 02173
(617) 862-6600

Officers: Thomas L. Phillips, chairman & chief executive officer; Dennis J. Picard, president; Herbert Deitcher, v.p. & treasurer; Walter H. Palmer, v.p.-public & financial relations; E. Leonard Kane, v.p.-human resources; John R. Pasquariello, v.p.-manufacturing; Philip A. Phalon, sr. v.p.-corp. marketing; Charles H. Resnick, sr. v.p., secretary & general counsel; Sheldon Rutstein, v.p. & controller; Robert L. Seaman, v.p.-strategic planning; Joseph F. Shea, sr. v.p.-engineering; Aldo Massara, v.p.-international affairs; Gerard A. Smith, v.p.-Washington operations; David S. Dwelley, pres.-Raytheon Europe Limited; James J. Lewis, v.p. & mgr.-Saudi Arabian Programs, Missile Systems Division; Walter V. Trainor, Jr., v.p. & mgr.-Patriot Program, Missile Systems Division; John P. Shanley, v.p. & gen. mgr.-Missile Systems Division; Walter M. Stowell, v.p. & gen. mgr.-Equipment Division; David A. Deardorf, v.p. & gen. mgr.-Semiconductor Division; Ronald W. Dunmire, president-Cedarapids, Inc.; Stanley L. Clark, president-Raytheon Marine Co.; David E. Dolak, president-Caloric Corp.; George W. Sarney, sr. v.p. & group exec.-industry services; Charles W. Schmidt, sr. v.p. & group exec.-appliances; Thomas D. Hall, president-Speed Queen Company; William C. Jones, Jr., president-Switchcraft, Inc.; Loren A. Korte, president-D.C. Heath & Co.; Gunnar E. Sarsten, president-United Engineers & Constructors International, Inc.; Willard E. Marcley, v.p. & gen. mgr.-Submarine Signal Division; Henry J. Meyer, president-Amana Refrigeration, Inc.; Reinder W. Gerretsen, president-The Badger Company, Inc.; Neil W. Hansen, president-Sedco Systems, Inc.; J. Alan Thomas, v.p. & president-Raytheon Europe; Ralph A. Martin, v.p. & president-Raytheon Service Company; Richard D. Curtis, v.p. & gen. mgr.-Electromagnetic Systems Division; John F. Harding, v.p.-contracts; Max E. Bleck, president-Beech Aircraft Corporation & group exec.-Aircraft Group; Edmund A. Blondin, v.p. & Waltham plant mgr., Equipment Division manufacturing; Edward J. Herrelko, exec. v.p.-Caloric Corporation; Ronald D. Kalp, v.p. & gen. mgr.-Microwave and Power Tube Division; William H. Swanson, v.p. & Andover plant mgr., Missile Systems Division; Hermann Statz, gen. mgr.-Research Division; Ian R. Cheshire, v.p.-Seismograph Service Corp.; Linus Cordes, gen. mgr.-Advanced Device Center; Mike W. Fossier, v.p. & asst. gen. mgr.-Technical Missile Systems Division; Eric M. Levi, v.p. & asst. gen. mgr.-Development & Administration, Missile Systems Div..

Directors: Thomas L. Phillips, chairman; Harvey Brooks, James N. Land, Jr., Richard D. Hill, Colman M. Mockler, Jr., Albert L. Nickerson, Francis H. Burr, Joseph J. Sisco, Theodore L. Eliot, Jr., R. Gene Shelley, Ferdinand Colloredo-Mansfeld, Barbara B. Hauptfuhrer, Dennis J. Picard.

Areas of Work: Engaged in the design, engineering, manufacture and servicing of advanced electronic devices, equipment, and systems for both commercial and government customers. Energy services include geophysical exploration and the design, engineering and construction of refineries, petrochemical facilities, and electrical generating plants. Manufactures and markets consumer appliances, and heating and cooling equipment. Also designs and manufactures aircraft used primarily for business flying.

Divisions, Subsidiaries & Affiliates:

D.C. Heath and Company
Lexington, Massachusetts; Indianapolis, Indiana
Produces and distributes textbooks and coordinated instructional materials, and science learning apparatus.

Seismograph Service Corporation
Tulsa, Oklahoma
Geophysical exploration.

The Badger Company, Inc.
Cambridge, MA; Houston, TX; New York, NY;
Tampa and Lakeland, Florida
Design, engineering and construction of petroleum, coal, petrochemical, chemical and fertilizer processing plants.

Amana Refrigeration, Inc.
Amana, Iowa; Fayetteville, Tennessee
Electric ranges, refrigerators, freezers, room and central air conditioners, heat pumps, microwave ovens.

Microwave and Power Tube Division
Northborough, Waltham, Burlington & Quincy, MA;
Stamford, Connecticut
Chicago, Illinois
Microwave tubes; solid state microwave devices; lasers; broadcast and X-ray tubes; power supplies, industrial microwave heating systems; transformers; receiving and industrial tubes; particle accelerators; electronic hardware; night vision devices; molded plastic products, image intensifiers, light amplifier tubes, infrared detectors, medical electronics.

Caloric Corporation
Topton, Pennsylvania
Gas and electric ranges, microwave ovens, dishwashers, and related kitchen products.

Equipment Division
Sudbury, Wayland, and Waltham, Massachusetts
Surface and shipboard radar and navigation systems; military communications; radar instrumentation; air traffic control systems, data display systems; missile guidance electronics; software systems, vehicle traffic control systems.

Semiconductor Division
Mountain View, California
Transistors, diodes, and microelectric circuits.

Raytheon Marine Company
Hudson, New Hampshire
Marine radars, depth sounders, radiotelephones, direction finders, and related navigation aids.

Sorensen Company
Paxton, Delaware
Power supplies, power regulating equipment, precision welders, ultrasonic grinders.

Research Division
Materials and components for electronics.

Missile Systems Division
Bedford, Andover, Tewksbury, Lowell, MA;
Bristol, TN;
Oxnard, California;
Manchester, New Hampshire
Air defense and tactical airborne systems; related radar, command and control systems, avionics.

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Electromagnetic Systems Division
Santa Barbara, California
Re-entry systems, electronic counter-measures.

Submarine Signal Division
Portsmouth, Rhode Island
Anti-submarine warfare systems, submarine and airborne sonar, transducers, ocean systems and equipment.

Raytheon Service Company
Burlington, Massachusetts
Installation and maintenance of electronic systems and equipment; education and training.

Switchcraft, Inc.
Chicago, Illinois
Switches, jacks, plugs and connectors and audio accessory components.

Cedarapids, Inc.
Cedar Rapids, Iowa
Aggregate producing and asphalt mixing plants and paving equipment. Stationary and portable cone-type rock crushing machinery.

United Engineers & Constructors Inc.
Philadelphia, PA; Boston, Massachusetts
Design, engineering and construction of conventional and nuclear power facilities and general industrial plants.

Raytheon Canada Limited
Waterloo, Ontario, Canada
Surface and shipboard radar and navigation systems; military communications, air traffic control systems, data display systems, shipboard defense systems.

Cossor Electronics Limited
Harlow, Essex, England
Air traffic control radar, transponders, marine equipment, VHG radios, instruments, displays.

Lacroix & Kress, Klasing G.m.b.H. & Co.
Bramsche, West Germany
Ultra-fine wire, small diameter cable.

Sterling Greengate Cable Company Ltd.
Aldermaston, Berkshire, England
Electric power cables for military and industrial use, welding and power cables.

TAG Semiconductos Ltd.
Zurich, Switzerland
Semiconductor devices.

Data Logic Ltd.
England
Computer software and systems.

Electrical Installations Ltd.
England
Commercial installation of electrical systems.

SEDCO Systems, Inc.
Melville, New York
Ferrite components; phased array antennas for electronic countermeasures.

Beech Aircraft Corporation
Wichita, Kansas
Designs and manufactures commuter, executive, personal military and special mission aircraft, cryogenic systems, air-frames, logistic support and target missiles.

Transfer Agent(s):

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York, Pacific, Midwest

Ticker Symbol: RTN

Number of Employees:

1988	76,200	1985	73,000
1987	76,500	1984	73,300
1986	75,000		

Plant Footage:

1988	27,000,000 sq. ft.	1985	27,000,000
1987	27,000,000	1984	27,000,000
1986	27,000,000		

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 8,192,100	$ 489,600
1987	7,659,400	445,100
1986	7,308,000	393,200
1985	6,408,500	375,900
1984	5,995,700	243,200

	No. of Com. Shares #	Earn. per Share #
1988	66,621,000	$ 7.35
1987	72,764,000	6.12
1986	77,041,000	5.10
1985	81,670,000	4.60
1984	84,662,000	2.88

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Electronics	$ 4,994,000	$ 4,740,000
Aircraft prods.	948,000	699,000
Energy services	709,000	776,000
Major appliances	979,000	905,000
Other	562,000	539,000
Total	$ 8,192,000	$ 7,659,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 2.00	—	—
1987	1.85	—	
1986	1.75	—	—
1985	1.60	—	—
1984	1.45	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	$ 2,121,000	$ 31.96
1987	1,849,100	27.31
1986	1,954,600	26.39
1985	1,929,000	24.84
1984	1,979,200	23.46

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 8,192,083	$ 7,659,421
Cost of sales	6,536,521	6,123,418
Expenses	1,014,544	934,992
Interest expense	62,790	23,517
Interest income	(57,838)	(58,839)
Other income	(69,473)	(49,592)
Income before taxes	$ 705,539	$ 685,925
Income taxes	215,985	240,869
Net Income	$ 489,554	$ 445,056

* Included in Costs and Expenses, Depreciation and Amortization: $259,015,000 in 1988 and $236,512,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 108,056	$ 90,701
Accts. receiv., net	709,024	695,707
Contracts in progress	1,133,424	868,301
*Inventories	726,264	667,715
Prepaid expenses	167,524	129,470
Current Assets	$ 2,844,292	$ 2,451,894
#Fixed assets	1,355,198	1,217,408
Other assets	540,015	493,165
Total Assets	$ 4,739,505	$ 4,162,467

Liabilities
(000's)

	1988	1987
Notes payable & long-term debt, curr.	$ 911,443	$ 550,624
Accts. payable	539,534	516,552
Advance payments	411,754	395,209
Accrued pay[illegible]	203,285	180,880
Income taxes	125,636	274,866
Other accruals	385,514	350,512
Curr. Liabilities	$ 2,577,166	$ 2,268,665
Long-term debt	41,340	44,743
+Common stock	66,373	67,699
Add. paid-in capital	182,808	173,358
Retained earnings	1,869,267	1,610,220
Foreign currency translation adjustment	2,551	(2,218)
Total Liabilities & Shareholders' Equity	$ 4,739,505	$ 4,162,467

* At cost (FIFO or average), but not in excess of net realizable value. Aircraft prods. inventories are stated at lower of cost (LIFO) or market. Work in process stated at total cost incurred reduced by est. costs of units delivered.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.61	8.96
%Net Income to Sales	5.98	5.81
%Net Income to Equity	23.08	24.07
Sales to Inventories	11.28	11.47
Debt to Equity	0.45	0.32
Working Capital	$ 267,126,000	$ 183,229,000
Current Ratio	1.10	1.08
Shareholders' Equity	$ 2,120,999,000	$ 1,849,059,000

Recognition Equipment Incorporated

2701 East Grauwyler Road
Irving, Texas 75061
(214) 579-6000

Mailing address:
P.O. Box 660204
Dallas, Texas 75266-0204

Officers: William G. Moore, Jr., chairman & chief exec. officer; Israel Sheinberg, exec. v.p.; John C. Hall, v.p.; Robert W. Reedy, v.p.; Philip M. Colquhoun, v.p.; Samuel L. Densmore, III, v.p.; James D. Donoho, v.p.; Dwayne L. McAfee, v.p.; George A. O'Brien, v.p., treasurer & chief financial officer; Thomas A. Loose, sr. v.p., secretary & general counsel; Robert L. Drury, controller.

Directors: William G. Moore, Jr., chairman of the board; Lucy Billingsley, Robert L. Crandall, Howard J. Bunnion, Jr., Israel Sheinberg, William C. Hittinger, Thomas L. Ringer, William H. Seay.

Areas of Work: Engaged in the design, manufacture, marketing, and service of a variety of information processing systems employing optical character recognition, magnetic ink character recognition, image capturing, high-speed paper handling, ink-jet printing and innovative software/hardware integration technologies. Systems are used for data acquisition, document handling and document truncation in such applications as centralized data entry, high-speed document processing, mail processing and distributed data processing.

Subsidiaries:

Consolidated Computer International, Inc.

Recognition Enterprises, Inc.
Irving, Texas

Recognition Equipment (Canada) Ltd.
Toronto, Canada

Recognition Equipment France, S.A.
Paris, France

Recognition Equipment GmbH
Frankfurt, West Germany

Recognition Equipment Iberica S.A.
Madrid, Spain

Recognition Equipment Finland OY AB
Helsinki, Finland

Recognition Equipment Italia, S.p.A.
Rome, Italy

Recognition Equipment Nederland, B.V.
Amsterdam, Netherlands

Recognition Equipment Norge A/S
Oslo, Norway

Recognition Equipment (Japan) Inc.
Tokyo, Japan

Recognition Equipment Limited
London, England

Recognition Pacific Limited
Sydney, Australia

Recognition Equipment (Australia) Pty. Ltd.
Sydney, Australia

Recognition Equipment AB
Stockholm, Sweden

REI-MDS Deutschland GmbH und Co. OHG
Recognition A/S
MDS-Belgium S.A.
MDS-Deutschland GmbH
MDS-France S.A.
MDS-Grundstucksverwaltungsgesellschaft mbH
MDS-Svenska AB

Acquisition:

Mohawk Data Sciences-Canada, Limited (MDS)

Transfer Agent(s):

MTrust Corp.
P.O. Box 655415
Dallas, Texas 75265-5415

Stock Exchange(s): New York

Ticker Symbol: REC

Number of Employees:

1987	3,050
1986	2,950
1985	2,908
1984	N.A.
1983	1,944

N.A. - Not Available.

Plant Footage:

1987 .... 429,000 sq. ft. 1986 528,000

Sales & Earnings

	Revenues	Net Income ‡
1987	$ 264,658,000	$ 13,814,000
1986	241,795,000	10,539,000
1985	163,147,000	4,316,000
1984	140,140,000	7,446,000
1983	117,042,000	9,554,000

	No. of Com. Shares #	Earn. per Share ‡ #
1987	10,398,000	$ 1.33
1986	9,969,000	1.06
1985	9,713,000	0.44
1984	7,742,000	0.96
1983	6,725,000	1.42

‡ Including extraordinary gains of $2,600,000 ($0.25 per share) in 1987, $1,555,000 ($0.16 per share) in 1986, $301,000 ($0.03 per share) in 1985, $1,275,000 ($0.16 per share) in 1984 and $6,316,000 ($0.94 per share) in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 133,898,000	$ 12.88
1986	115,882,000	11.62
1985	98,807,000	10.17
1984	66,792,000	8.63
1983	60,126,000	8.94

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Oct. 31	1987	1986
Revenues	$ 264,658	$ 241,795
Cost of sales & oper. expenses	152,815	146,143
Research & develop.	11,642	11,612
Selling, general & adm. exp.	76,650	65,804
Oper. expenses	4,431	4,626
Oper. profit	$ 19,120	$ 13,610
For. exch. gain	(1,361)	(2,408)
Other charges	2,191	1,586
Interest income	(5,751)	(6,664)
Interest expense	5,351	6,123
Income before taxes	$ 18,690	$ 14,973
Income taxes	7,476	5,989
Net Income	$ 11,214	$ 8,984
Extraordinary gain	2,600	1,555
Net Income & extraordinary gain	$ 13,814	$ 10,539

* - Included in Costs and Expenses, Depreciation: $11,204,000 in 1987 and $9,827,000 in 1986.

Assets
(000's)

As of Oct. 31	1987	1986
Cash	$ 28,098	$ 34,311
Accts. receiv., net	70,518	61,564
*Inventories	73,424	63,909
Long-term contracts	1,108	299
Other assets	3,795	1,992
Current Assets	$ 176,943	$ 162,075
#Fixed assets	46,698	42,464
Long-term receiv.	28,319	22,162
Other assets	5,643	4,923
Total Assets	$ 257,603	$ 231,624

Liabilities
(000's)

Short-term debt	$ 7,126	$ 5,636
Accts. payable	9,491	9,800
Accruals	25,663	23,385
Customer advances	14,063	12,546
Income taxes	3,552	5,465
Curr. Liabilities	$ 59,895	$ 56,832
Long-term debt	59,118	55,179
Deferred inc. taxes	4,692	3,731
+ Common stock	2,556	2,478
Add. paid-in capital	99,454	95,950
Retained earnings	29,809	15,995
Translation adjust.	4,390	2,191
Treasury stock	(2,311)	(732)
Total Liabilities & Shareholders' Equity	$ 257,603	$ 231,624

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.06	6.19
%Net Income to Sales	4.24	3.72
%Net Income to Equity	8.38	7.75
Debt to Equity	0.49	0.52
Working Capital	$ 117,048,000	$ 105,243,000
Current Ratio	2.95	2.85
Shareholder's Equity	$ 133,898,000	$ 115,882,000

Regency Electronics, Inc.

7707 Records Street
Indianapolis, Indiana 46226
(317) 545-4282

Officers: Steven L. Wilkening, president, chief operating officer & treasurer; James K. Sommer, secretary; Charles A. Merriman, v.p.-operations; Alfred H. Hunt, III, president & chief exec. officer-IFR Systems, Inc..

Directors: James K. Sommer, Ralph R. Whitney, Jr., Steven L. Wilkening, John E. Fox, Paul E. Reinken, Alfred H. Hunt, III.

Areas of Work: Designs, manufactures and markets electronic communications equipment consisting of voice communications equipment (land mobile two-way radios), digital data communications equipment (electronic utility load management systems) and, through the Company's 84%-owned subsidiary, IFR Systems, Inc., electronic test equipment (communications service monitors, avionics precision simulators, and test and measurement equipment).

Subsidiaries:

IFR Systems, Inc. (84%-owned)
10200 W. New York St.
Wichita, Kansas 67215
(316) 522-4981

Regency Taiwan, Ltd.
P.O. Box 3702
Taipei, Taiwan R.O.C.

Transfer Agent(s):

Merchants National Bank & Trust Co.
1 Merchants Plaza
Indianapolis, Indiana 46255

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RGCY (NASDAQ)

Number of Employees:

1988	1,080
1987	1,340
1986	1,200
1985	N.A.
1984	1,700

Plant Footage:

1988	260,000 sq. ft.	1985	N.A.
1987	260,000	1984	314,000
1986	379,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales #	Net Income †
1988	$ 68,371,082	$ (3,622,377)
1987	74,756,669	1,153,105
1986	91,273,433	(2,753,069)
1985	114,396,054	4,309,437
1984	109,468,676	2,026,261

	No. of Com. Shares +	Earn. per Share † ‡
1988	10,999,000	$ —
1987	10,732,000	0.11
1986	10,730,000	—
1985	10,730,000	0.40
1984	10,730,000	0.19

(Loss)
# Includes other income.
† Including extraordinary gains of $912,000 in 1988 and $848,000 in 1986.
+ Adjusted to reflect stock split.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Voice communicatons equip.	$ 22,136,000	$ 33,322,000
Electronic test equip.	37,945,000	33,626,000
Digital data commun. equip.	6,029,000	4,146,000
Video commun. equip.	—	110,000
Other	2,261,000	3,553,000
Total	$ 68,371,000	$ 74,757,000

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1988	$ 0.10	—	—
1987	0.20	—	
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	2-for-1

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 37,877,981	$ 3.44
1987	41,061,817	3.83
1986	42,041,518	3.92
1985	46,940,330	4.37
1984	44,776,636	4.17

‡ Adjusted to reflect stock split.

Income Account*

Year ended June 30	1988	1987
Net sales	$ 68,371,082	$ 74,756,669
Cost of sales	46,669,273	50,887,593
Expenses	20,334,057	18,656,060
Discontinued businesses	7,370,000	—
Amort. of goodwill	614,273	97,052
Gain on sale of consumer products business	(4,824,389)	—
Interest expense	1,640,250	1,750,838
Other charges	153,459	494,309
Other income	(622,246)	(1,003,254)
Income (loss) bef. taxes	$ (2,963,595)	$ 3,874,071
Income taxes	607,000	2,021,000
Minority interest	963,782	699,966
Net Income (Loss)	$ (4,534,377)	$ 1,153,105
Extraord. gain	912,000	—
Net Income (Loss) & extraord. gain	$ (3,622,377)	$ 1,153,105

* Included in Costs and Expenses, Depreciation and Amortization: $2,497,264 in 1988 and $2,413,584 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 4,059,263	$ 2,098,427
Accts. receiv, net	10,639,741	17,776,516
*Inventories	21,012,643	35,654,326
Deferred employee benefits	1,215,496	1,594,416
Prepaid expenses	186,889	217,058
Deferred fed. inc. taxes	100,946	204,589
Assets of discont. bus.	5,892,810	—
Deferred income taxes	2,429,000	693,000
Current Assets	$ 45,536,788	$ 58,238,332
#Fixed assets	12,270,551	12,390,853
Prop. under cap. leases	1,624,786	1,855,076
Intangibles	494,064	541,224
Prop. held for sale	716,316	716,316
Other assets	546,712	460,084
Total Assets	$ 61,189,217	$ 74,201,886

Liabilities

	1988	1987
Cap. lease oblig. curr.	$ 2,335,976	$ 10,335,976
Accts. payable	1,902,630	2,936,514
Accrued payroll	2,761,256	1,740,768
Other accruals	2,916,058	2,342,303
Income taxes	494,014	1,177,332
Contribution to VEBA trust	1,349,067	1,614,593
Other taxes	773,004	1,025,558
Curr. Liabilities	$ 12,532,005	$ 21,173,044
Long-term debt	3,800,000	4,000,000
Cap. lease oblig.	178,498	2,336,600
Deferred income taxes	3,247,000	2,816,000
Minority interest	3,553,733	2,814,425
+Common stock	3,733,639	2,221,976
Retained earnings	34,553,842	39,249,341
Treasury stock	(409,500)	(409,500)
Total Liabilities & Shareholders' Equity	$ 61,189,217	$ 74,201,886

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	—	5.18
%Net Income to Sales	—	1.54
%Net Income to Equity	—	2.81
Sales to Inventories	3.25	2.10
Debt to Equity	0.17	0.41
Working Capital	$ 33,004,783	$ 37,065,288
Current Ratio	3.63	2.75
Shareholders' Equity	$ 37,877,981	$ 41,061,817

Resdel Industries

4000 MacArthur Boulevard
Suite 550
Newport Beach, California 92660
(714) 955-0515

Officers: Charles W. Missler, chairman & chief exec. officer; Phillip G. Halamandaris, president & chief operating officer; Jack B. Spencer, v.p.-finance & chief financial officer; John H. Brink, secretary.

Directors: H. K. Abajian, James C. Jordan, Jr., Charles W. Missler, Charles A. Von Urff, Bruce G. Rossiter, Phillip G. Halamandaris.

Area of Work: Engaged in the design, development and manufacture of highly technical electronic communications systems and devices for government and prime contractors and in the design and distribution of consumer electronic communication products.

Subsidiaries:

Resdel Engineering Corporation
300 East Live Oak Avenue
Arcadia, California 91006
(818) 445-5955

Engaged in the development and manufacture of government communications products; 20 watt S-band transmitters, miniature monitor receivers, microprinters, and 40 watt L-band strip line transmitters.

Sanbar Corporation
201 Technology Drive
Irvine, California 92718
(714) 729-1911

Develops and manufactures products for the point-to-point microwave markets and the emergent digital data/voice network markets.

Transfer Agent(s):

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RSDL (NASDAQ)

Plant Footage:

1988	103,500 sq. ft.	1985	44,000
1987	N.A.	1984	44,000
1986	44,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income †
1988	$ 22,504,000	$ (8,332,000)
1987	17,108,000	1,822,000
1986	14,219,000	1,736,000
1985	8,584,000	192,000
1984	7,622,000	(2,067,000)

	No. of Com. Share +	Earn. per Share #†
1988	5,954,274	$ —
1987	4,288,867	0.40
1986	4,227,330	0.39
1985	4,138,255	0.05
1984	4,137,155	—

(Loss)
† Including extraordinary gains of $838,000 ($0.18 per share) in 1987, $799,000 ($0.18 per share) in 1986 and $68,000 ($0.02 per share) in 1985.
+ Adjusted to reflect stock dividend.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	10%	

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 3,695,000	$ 0.62
1987	2,345,000	0.55
1986	743,000	0.18

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 22,504,000	$ 17,018,000
Cost of sales	20,266,000	10,962,000
Expenses	8,792,000	3,600,000
Research & devel.	873,000	342,000
Interest expense	441,000	231,000
Other expense (income)	767,000	(42,000)
Inc. (loss) bef. taxes	$ (8,635,000)	$ 2,015,000
Income taxes (credit)	(303,000)	1,031,000
Net Income (Loss)	$ (8,332,000)	$ 984,000
Extraord. gain	—	838,000
Net Income (Loss) & extraord. gain	$ (8,332,000)	$ 1,822,000

* Included in Costs and Expenses, Depreciation and Amortization: $868,000 in 1988 and $337,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 819,000	$ 159,000
Accts. receiv., net	4,128,000	2,854,000
*Inventories	6,808,000	3,695,000
Prepaid expenses	551,000	298,000
Current Assets	$ 12,306,000	$ 7,006,000
#Fixed assets	1,846,000	1,015,000
Net assets transferred under contract of sale	1,000,000	—
Other assets	1,190,000	303,000
Goodwill	8,339,000	—
Total Assets	$ 24,681,000	$ 8,324,000

Liabilities

	1988	1987
Short-term debt	$ 3,042,000	$ 2,200,000
Accts. payable	4,488,000	1,196,000
Deferred state inc. taxes	—	303,000
Accured payroll	698,000	565,000
Other accruals	3,034,000	199,000
Curr. Liabilities	$ 11,262,000	$ 4,465,000
Long-term debt	1,702,000	1,514,000
Redeem. pref. stock	8,022,000	—
+Common stock	2,977,000	2,144,000
Add. paid-in capital	19,642,000	9,661,000
Retained earnings (deficit)	(17,492,000)	(9,160,000)
Note receiv-Emp. stock trust	(1,330,000)	(300,000)
Unamort. restricted stock plan expense	(102,000)	—
Total Liabilities & Shareholders' Equity	$ 24,681,000	$ 8,324,000

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	—	11.84
%Net Income to Sales	—	5.78
%Net Income to Equity	—	41.96
Sales to Inventories	3.31	4.61
Debt to Equity	1.28	1.58
Working Capital	$ 1,044,000	$ 4,241,000
Current Ratio	1.09	2.53
Shareholders' Equity	$ 3,695,000	$ 2,345,000

Research, Incorporated

P.O. Box 24064
Minneapolis, Minnesota 55424
(612) 941-3300

Corporate offices:
6425 Flying Cloud Drive
Eden Prairie, Minnesota 55344

Officers: A. E. Abramson, chairman of the board; F.T. Renshaw, v.p.; G.W. Sangster, v.p.; K.C. Wilson, v.p.; C.C. Johnson, v.p.; P.J. Vettel, v.p.; G.E. Magnuson, secretary.

Directors: A.E. Abramson, chairman; J.R. Anderson, K.G. Anderson, G.E. Magnuson.

Areas of Work: Designs, manufactures and sells proprietary products from the following three related groups: electronic and/or electrical process control instruments, radiant heating devices and telecommunications terminals.

Transfer Agent(s):

Norwest Bank of Minnesota N.A.
South St. Paul, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RESR (NASDAQ)

Number of Employees:

1988	223	1985	264
1987	218	1984	252
1986	243		

Plant Footage:

1988	90,000 sq. ft.	1985	90,000
1987	90,000	1984	90,000
1986	90,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 20,377,400	$ 793,600
1987	21,063,500	921,900
1986	19,116,900	1,277,500
1985	23,487,200	1,712,400
1984	21,175,627	1,567,276

	No. of Com. Shares	Earn. per Share #
1988	1,648,693	$ 0.48
1987	1,648,693	0.56
1986	1,640,133	0.78
1985	1,636,560	1.05
1984	1,629,500	0.96

# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1988 (000's)	%	1987 (000's)	%
Process control instruments	$ 6,825,000	33 %	$ 8,494	40 %
Radiant heating devices	9,090,000	45	7,278	35
Telecommunications terminals	4,462,000	22	5,292	25
Total	$20,377,000	100 %	$ 21,064	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.44	—	—
1987	0.40	—	
1986	0.40	—	—
1985	0.54	—	—
1984	0.25	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 14,703,700	$ 8.92
1987	14,635,500	8.88
1986	14,282,100	8.71
1985	13,630,900	8.33
1984	12,735,600	7.82

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 20,377,372	$ 21,063,545
Cost of sales	11,028,459	11,859,550
Expenses	8,524,899	7,942,423
Other income	(407,573)	(390,262)
Prof. sh. plan	187,975	179,941
Income before taxes	$ 1,043,612	$ 1,471,893
Income taxes	250,000	550,000
Net Income	$ 793,612	$ 921,893

* Included in Costs and Expenses, Depreciation and Amortization: $417,951 in 1988 and $565,470 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 60,148	$ 285,566
Short-term investments	6,679,327	8,000,132
Accts. receiv., net	4,188,950	3,466,532
* Inventories	5,388,077	4,150,773
Prepaid expenses	59,180	269,224
Current Assets	$ 16,375,682	$ 16,172,227
# Fixed assets	1,553,900	1,687,560
Total Assets	$ 17,929,582	$ 17,859,787

Liabilities

	1988	1987
Accts. payable	$ 1,582,921	$ 1,548,854
Accruals:		
Payroll	525,907	861,772
Profit sharing	200,000	179,941
Prod. warranties	150,000	150,000
Other	384,931	403,143
Income taxes	382,116	80,557
Curr. Liabilities	$ 3,225,875	$ 3,224,267
+ Common stock	824,346	824,346
Add. paid-in capital	210,930	210,930
Retained earnings	13,668,431	13,600,24
Total Liabilities & Shareholders' Equity	$ 17,929,582	$ 17,859,787

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

	1988	1987
% Income bef. Taxes to Sales	5.12	6.99
% Net Income to Sales	3.89	4.38
% Net Income to Equity	5.40	6.30
Sales to Inventories	3.78	5.07
Working Capital	$ 13,149,807	$ 12,947,960
Current Ratio	5.08	5.02
Shareholders' Equity	$ 14,703,707	$ 14,635,520

Ripley Company, Inc.

46 Nooks Hill Road
P.O. Box E
Cromwell, Connecticut 06416
(203) 635-2200

Officers: H.I. Thayer, Jr., president, treasurer & chief executive officer; James J. Matthews, vice president; S. Michael Schatz, secretary.

Directors: Lewis B. Daniels, Jr., Douglas Kellogg, James E. Griffin, Richard T. Gibbons, Arhtur W. Frank, Jr., Sebastian DiStefano.

Areas of Work: Specializes in the manufacture of blowers, electronic and mechanical timers, cable preparation tools and light-activated sunswitches, decorative street lights and packages to convert mercury vapor lights to high pressure sodium lights.

Subsidiary:

Stick-Screw Manufacturing Co.
Willimantic, Connecticut
Manufactures proprietary, semi-automatic small part fastening and assembly systems.

Transfer Agent(s):

The Connecticut Bank & Trust Co., N.A.
Hartford, Connecticut 06115

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RIPY (NASDAQ)

Plant Footage:

1987 . . . . 47,000 sq. ft. 1986 47,000

Sales & Earnings

	Net Sales	Net Income
1988	$ 6,242,313	$ 357,946
1987	5,128,296	205,630
1986	5,703,015	402,486
1985	5,314,988	356,331
1984	4,756,828	302,277

	No.of Com. Shares	Earn. per Share
1988	588,280	$ 0.61
1987	588,280	0.34
1986	588,280	0.68
1985	588,280	0.61
1984	588,280	0.51

Revenues by Line of Business

	1988	1987
Electronics & electrical products	$ 3,920,292	$ 3,349,929
Cable preparation tools	2,322,021	1,778,367
Total	$ 6,242,313	$ 5,128,296

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.20	—	—
1987	0.20	—	
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 3,326,594	$ 5.65
1987	3,081,567	5.24
1986	2,988,708	5.08
1985	2,699,882	4.59
1984	2,461,207	4.18

Income Account *

Year ended Feb.28	1988	1987
Net sales	$ 6,242,313	$ 5,128,296
Cost of sales	4,118,787	3,455,917
Expenses	1,447,136	1,310,297
Other expense (income)	30,444	(31,548)
Income before taxes	$ 645,946	$ 393,630
Income taxes	288,000	188,000
Net Income	$ 357,946	$ 205,630

* Included in Costs and Expenses, Depreciation & Amortization: $145,898 in 1988 and $114,687 in 1987.

Assets

As of Feb. 28	1988	1987
Cash	$ 543,082	$ 601,333
Accts. receiv. net	832,286	782,060
Income taxes	—	194,247
*Inventories	2,002,792	1,521,880
Prepaid expenses & deferred charges	48,768	59,760
Current Assets	$ 3,426,928	$ 3,159,280
# Fixed assets	1,283,148	1,202,465
Other assets	369,382	235,777
Total Assets	$ 5,079,458	$ 4,597,522

Liabilities

Long-term debt, curr.	$ 180,610	$ 223,533
Accts. payable	473,401	207,101
Accruals	397,850	395,755
Income taxes	74,368	—
Curr. Liabilities	$ 1,126,229	$ 826,389
Notes payable	300,000	458,483
Lease obligations	107,472	163,083
Deferred inc. taxes	85,000	68,000
Unfunded pension liability	134,163	—
+Common stock	297,975	297,975
Add. paid-in capital	412,240	413,207
Retained earnings	2,677,789	2,437,745
Treasury stock	(61,410)	(67,360)
Total Liabilities & Shareholders' Equity	$ 5,079,458	$ 4,597,522

* At lower cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.35	7.68
%Net Income to Sales	5.73	4.01
%Net Income to Equity	10.76	6.67
Sales to Inventories	3.12	3.37
Debt to Equity	0.14	0.22
Working Capital	$ 2,300,699	$ 2,332,891
Current Ratio	3.04	3.82
Shareholders' Eqsity	$ 3,326,594	$ 3,081,567

RMS International, Inc.

621 Route 46
Hasbrouck Heights, New Jersey 07604
(201) 288-8833

Officers: Joseph F. Bradway, Jr., chairman of the board & chief executive officer; Gary M. Napolitano, v.p.-finance; Fred Mucciardi, v.p.-operations.

Directors: Joseph F. Bradway, Jr., chairman; Arthur A. Fink, John de Elorza, William A. Searles, Charles T. Conner, Arthur Kellogg.

Areas of Work: Designs, manufactures, imports and distributes radio frequency (RF) passive devices, and related products for the cable television connectors, converters industry. Manufactures a line of stand-by, AC regulated and inverter power supplies for the cable TV industry.

Subsidiaries:

Poieline Corporation
Distribution operation that supplies construction materials to the cable television industry.

Kenyon Magnetics, Inc.
Manufactures transformers and other allied products.

Acquisition:

Color Optic Displays, Inc.
Markets clear plastic literature displays.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American

Ticker Symbol: RMS

Sales & Earnings

	Net Sales	Net Income
1988	$ 11,770,265	$ 118,000
1987	12,830,132	75,000
1986	12,367,192	(803,000)
1985	14,977,000	(1,131,000)
1984	19,443,000	(1,878,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1988	1,558,345	$ 0.08
1987	1,558,345	0.05
1986	1,558,345	—
1985	1,587,692	—
1984	1,630,618	—

(Loss)
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 3,402,498	$ 2.18
1987	3,284,272	2.11
1986	3,209,387	2.06
1985	4,012,822	2.53
1984	5,529,763	3.39

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 11,770,265	$ 12,830,132
Cost of sales	9,215,187	9,580,089
Expenses	3,284,779	2,884,151
Interest expense	428,042	327,885
Gain on sale of fixed assets	(1,196,366)	—
Gain on purch. of deben.	(3,811)	(36,878)
Interest & other income	(75,792)	—
Net Income	$ 118,226	$ 74,885

* Included in Costs and Expenses, Depreciation and Amortization: $111,098 in 1988 and $178,411 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 348,041	$ 316,237
Accts. & notes receiv., net	1,611,916	2,050,753
Recoverable income taxes	—	51,063
*Inventories	3,871,657	2,982,534
Prepaid exp. & other assets	136,746	114,340
Prop. held for sale	—	541,835
Current Assets	$ 6,268,360	$ 6,056,762
#Fixed assets	245,805	231,974
Goodwill	45,368	—
Non-competition agree.	442,500	—
Intangibles	246,954	—
Other assets	86,022	105,164
Total Assets	$ 7,335,009	$ 6,393,900

Liabilities

Notes payable - bank	$ 1,049,428	$ 947,725
Notes payable - other	600,000	—
Long-term debt, curr.	435,600	334,604
Accts. payable	671,116	416,588
Accruals	331,134	200,683
Curr. Liabilities	$ 3,087,278	$ 1,899,600
Long-term debt	769,400	1,210,028
Other liabilities	75,833	—
+Common stock	130,745	130,745
Add. paid-in capital	4,531,153	4,531,153
Retained earn. (deficit)	(872,982)	(991,208)
Treasury stock	(386,418)	(386,418)
Total Liabilities & Shareholders' Equity	$ 7,335,009	$ 6,393,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.08 par value.

Statistical Summary

%Net Income to Sales	1.00	0.58
%Net Income to Equity	3.47	2.28
Sales to Inventories	3.04	4.30
Debt to Equity	0.84	0.76
Working Capital	$ 3,181,082	$ 4,157,162
Current Ratio	2.03	3.19
Shareholders' Equity	$ 3,402,498	$ 3,284,272

Rockwell International Corporation

600 Grant Street
Pittsburgh, Pennsylvania 15219
(412) 565-2000

2230 East Imperial Highway
El Segundo, California 90245
(213) 647-5000

Officers: Donald R. Beall, chairman of the board & chief executive officer; Kent M. Black, v.p. & president-Electronics; Robert L. Cattoi, sr. v.p.-research and engineering; Lee H. Cramer, v.p. & treasurer; Robert A. dePalma, sr. v.p.-finance & planning & chief financial officer; J.A. Earley, v.p.-corporate development; Charles H. Harff, sr. v.p., gen. counsel & secretary; James A. McDivitt, sr. v.p.-government relations; Richard W. Bohlen, sr. v.p.-operations; Sam F. Iacobellis, v.p. and president-aerospace operations; George W. Jeffs, exec. v.p.-strategic defense & technology; Lawrence J. Komatz, v.p. & controller; Robert H. Murphy, v.p.-management & organization; Arthur P. Ronan, v.p. & president-Automotive; Charles C. Stoops, Jr., general tax counsel; William A. Sante, II, general auditor; Thomas A. Campobasso, sr. v.p.-international; Richard R. Mau, v.p.-communications; J. Tracy O'Rourke, v.p. & president & chief exec. officer-Allen-Bradley Company, Inc.; Charles R. Vennel, v.p.-human resources.

Directors: Robert Anderson, chairman; Donald R. Beall, Richard M. Bressler, Robert A. dePalma, Robin Chandler Duke, Fred L. Hartley, J. Clayburn La Force, Jr., Bruce M. Rockwell, Robert E. Seymour, Ross D. Siragusa, Jr., William S. Sneath, Joseph F. Toot, Jr., Harrington Drake, John J. Creedon.

Areas of Work: The Company is a multi-industry corporation engaged in research and development, and the manufacture and sale of many products for commercial and government markets. The Company is organized into four business segments: Aerospace, Electronics, Automotive and General Industries.

Business Segments and Subsidiaries:

Aerospace

The principal space activity is the Space shuttle program for NASA. The Company has developed and is producing the shuttle orbiter and, through its Rocketdyne Division, the orbiter main engines. It also assists NASA in the integration of the overall space transportation system. The Rocketdyne Division works under a United States Air Force contract for the engineering development of the Peacekeeper missile; develops and manufactures large liquid rocket engines for space and military applications and small rocket engines for altitude and reentry control.

The Company also engages in various research and development activities, such as those related to advanced space-based surveillance systems and directed energy weapons, and technology development and systems analysis efforts, such as those relating to advanced military aircraft.

North American Space Operations
2230 East Imperial Highway
El Segundo, California 90245
(213) 647-5000

North American Aircraft Operations
100 N. Sepulveda Boulevard
El Segundo, California 90245
(213) 647-1000

Electronics

This division manufactures high technology electronic equipment and systems for military navigation, command, control, communications and intelligence, missile systems and other special applications for the United States and foreign governments; also manufactures a broad spectrum of radio transceivers for various military applications that range from very low frequency to extremely high frequency. These products are combined with other ancillary items to form integrated command, control, communications and intelligence systems.

The division is the principal supplier of the inertial navigation systems for the Navy's ballistic missile and attack submarine fleets, supplies component and services related to the guidance and control systems of the Minuteman intercontinental ballastic missile fleet and works under contracts for both ground and airborne high frequency communication equipment for the modernization programs for the United States and NATO forces.

In commercial electronics, the Company supplies avionics, telecommunications and semiconductor products and systems to commercial and government customers worldwide. Electronics supplies communications, navigation, flight control, and other avionics systems to the air transport, general aviation and government markets. Products include telecommunications, transmission and switching systems and telephone products which are supplied to a broad range of customers in the United States and foreign countries.

Allen-Bradley Company
Milwaukee, Wisconsin

Supplies programmable controllers to the factory automation market. Also produces standard control products, computer numerical control systems, drives and passive electronic components.

Electronics Corporation of America
Waltham, Massachusetts

Manufactures photoelectric controls and flame monitoring systems.

Design Engineering Laboratories
Huntington Beach, California

Defense electronics.

General Industries

The Graphic Systems Division manufactures and sells high-speed printing presses and related equipment and principally for printing newspapers. Products include the Metroliner press designed for large metropolitan daily newspapers and the HV, Urbanite and community presses designed for medium size daily and weekly newspapers and commercial printers. The division also manufactures and sells automatic mailroom equipment and purchases for resale a line of commercial sheetfed presses and related equipment.

The Company manufactures, purchases for resale, and sells industrial sewing machines to the textile industry. The Power Tool Division manufactures stationary woodworking machinery and pneumatic and specialty tools for the general industrial and construction markets.

The flow control and the municipal & utility divisions manufacture and sell control and measurement equipment for gas, water and other fluids in the energy, utility and construction markets and a broad line of valves used for a variety of applications in nuclear and fossil systems for the energy and power generation markets. Other products include valve lubricants, pipe clamps and couplings. Primary customers for these products are electric, gas and water utilities, oil companies, chemical companies, municipalities and building contractors, as well as chemical companies.

The Energy Systems Group participates in the development of the liquid metal fast breeder reactor, the production of safety equipment for conventional light water nuclear reactors and the decontamination and decommissioning of nuclear facilities. The Group also operates a liquid metal development center for the fast breeder effort of the Department of Energy (DOE) and is active in the development of other alternative energy sources.

The Group provides chemical processing, water management and site support services at the DOE's Hanford Project near Richland, Washington, and operates the DOE's Rocky Flats Plant near Denver, Colorado, which is engaged in nuclear weapons components manufacturing, plutonium recovery and waste treatment. The Group is continuing development work under DOE contracts in the coal gasification and liquefaction processes. The Group also supplies commercial flue gas cleaning systems and environmental monitoring systems to utilities and industry.

General Industries Operations
400 North Lexington Avenue
Pittsburgh, Pennsylvania 15208
(414) 247-3000

Rockwell do Brasil Industrial e Commercio Ltda.
Limeira, Sao Paulo, Brazil

Rockwell-International of Canada Ltd.
Barrie & Guelph, Ontario, Canada

Rockwell Systems Graphiques, S.A.
Paris, France

Rockwell Valves, S.A.
Unieux, France

Rockwell Graphic Systems, Inc.
Obertshausen, West Germany

Rockwell Graphic Systems Limited
Preston, United Kingdom

Automotive

Automotive businesses' principal activity is the manufacture and sale of various proprietary components for heavy-duty vehicles used on and off the highway. Automotive designs and manufactures a broad line of axles for heavy-duty applications for on- and off-highway vehicles, including single and tandem drive axles, driving and non-driving front axles, trailer axles, rigid and steering planetary axles and driving steering axles. The businesses design and manufacture a complete line of heavy-duty brakes and brake assemblies and components for use in the transportation, construction, mining, agriculture, forestry and industrial fields. The businesses also manufacture and sell special drives and transmissions, universal joints and drivelines, gear boxes, springs and plastic hood, door and fender assemblies for these vehicles.

The Automotive businesses also manufacture and sell springs and plastic components and accessories for light trucks and passenger cars, and steel and case aluminum wheels, wheel covers, sun roofs, window regulators, door latches and door locking systems for passenger cars. In addition, the businesses manufacture and sell large steel castings, including those used in military cast armor programs and diesel locomotives.

The Company's automotive products are nearly all sold directly to manufacturers of original equipment, some of which are also competitors in that they produce for their own use many of the products manufactured by the Automotive businesses.

Automotive Businesses
2135 West Maple Road
Troy, Michigan 48084
(313) 435-1000

Rockwell Standard of Australia Ltd.
Melbourne, Australia

Wilmot Breeden (Australia) Pty. Ltd.
Preston, Australia

Rockwell do Brasil Industria e Commercio Ltda.
Limeira, Brazil

Rockwell International of Canada, Ltd.
Bracebridge, Chatham, Gananoque, Lacolle, Milton, Mississaugua, Tilbury, Canada

Compagnie Industrielle de Mecanismes S.A.
Levallois, Perret Cedex, France

Rockwell International S.A.
Rungis Cedex, France

Rockwell Golde GmbH
Frankfurt, West Germany

Rockwell Bremsen
Geschaftsbereich der Rockwell-Gold GmbH
Alyeneau/Unterfranken, West Germany

Rockwell Golde Italiana SpA
Como, Italy

Rockwell International Manufacturing Pte. Ltd.
Singapore

Rockwell-Maudslay Limited
Alcester, United Kingdom

Wilmot Breeden Limited
Birmingham, United Kingdom

Rockwell Thompson Limited
Wolverhampton, United Kingdom

Rockwell CVC S.p.A.
San Mauro Torinese, Italy

Rockwell CVC S.p.A.
Cameri, Italy

Acquisitions:

Communication Machinery Corporation
Supplies local area networks.

SOMA Europe Transmissions S.A.
France
Supplies components for axles and transmissions for off-highway construction vehicles.

Transfer Agent(s):

Mellon Bank, N.A.
P.O. Box 444
Pittsburgh, Pennsylvania 15230
(common stock; $4.75 convertible preferred, Series A; $1.35 convertible preferred, Series B)

67 Broad Street
New York, New York 10004

The First National Bank of Boston
Boston, Massachusetts 02102
(common stock & $4.75 convertible preferred, Series A)

National Bank of Detroit
Detroit, Michigan 48232

First Interstate Bank of California
Los Angeles, California 90051

The Royal Trust Company
Toronto, Ontario M5W 1P9, Canada

The First National Bank of Chicago
Chicago, Illinois 60670
(common stock; $1.35 convertible preferred, Series B)

Stock Exchange(s): New York, Boston, Midwest, Pacific, Philadelphia, Toronto, Basel, Geneva, Lausanne, Zurich, Frankfurt, London, Tokyo.

Ticker Symbol: ROK (U.S. exchanges)

Number of Employees:

1988	112,160	1985	123,266
1987	116,148	1984	105,759
1986	121,194		

N.A. - Not Available

Sales & Earnings

	Net Sales † (000's)	Net Income (000's)
1988	$ 11,946,300	$ 811,900
1987	12,123,400	635,100
1986	12,295,700	611,200
1985	11,337,600	595,300
1984	9,322,100	496,500

	No. of Com. Shares #	Earn. per Share #
1988	266,600,000	$ 3.04
1987	280,000,000	2.27
1986	296,500,000	2.06
1985	297,500,000	2.00
1983	307,500,000	1.26

† Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenue by Lines of Business
(000's)

	1988	1987
Automotive operations	$ 2,154,000	$ 1,716,000
Electronics operations: Guidance & control, avionics and telecommunications systems & equipment, devices and calculator products	4,522,000	4,342,000
Aerospace operations	3,971,000	5,073,000
General industries	1,299,000	992,000
Total	$ 11,946,000	$ 12,123,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.705	—	—
1987	0.645	—	
1986	0.58	—	—
1985	0.53	—	—
1984	0.47	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share †
1988	$ 3,682,300	$ 14.10
1987	3,302,700	12.01
1986	3,148,600	10.94
1985	2,931,800	9.82
1984	2,494,700	8.39

‡ After following for Series A and Series B preferred stock at total liquidation value.
† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net sales	$ 11,946,300	$ 12,123,400
Other income	152,300	76,600
Total income	$ 12,098,600	$ 12,200,000
Cost of sales	9,508,800	9,560,000
Expenses	1,435,400	1,363,000
Interest expense	101,400	89,900
Income before taxes	$ 1,053,000	$ 1,186,700
Income taxes	241,100	551,600
Net Income	$ 811,900	$ 635,100

* Included in Costs and Expenses, Depreciation: $493,900,000 in 1988 and $491,300,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash	$ 899,700	$ 1,103,400
Accts. & notes receiv., net	2,209,000	1,990,100
*Inventories	1,526,700	1,451,600
Prepaid expenses	289,400	76,900
Current Assets	$ 4,924,800	$ 4,622,000
#Fixed assets	2,640,400	2,669,100
Intangibles	1,053,600	1,098,000
Other assets	589,700	350,100
Total Assets	$ 9,208,500	$ 8,739,200

Liabilities
(000's)

	1988	1987
Short-term borrowings	$ 203,700	$ 151,600
Accts. payable	1,014,500	$ 1,103,100
Adv. pay. from cust.	410,900	321,000
Accrued compensation	478,100	489,700
Income taxes	1,065,800	64,200
Deferred inc. taxes	—	1,341,100
Other curr. liab.	622,900	521,700
Curr. Liabilities	$ 3,795,900	$ 3,992,400
Long-term debt	745,300	762,600
Other liabilities	974,300	670,000
+Preferred stock	2,300	2,500
++Common stock	200,200	190,800
++Class A Common stock	79,400	88,700
Add. paid-in capital	101,900	100,200
For. curr. trans.	(19,400)	(46,100)
Retained earnings	3,716,200	3,099,600
Treasury stock	(387,600)	(121,500)
Total Liabilities & Shareholders' Equity	$ 9,208,500	$ 8,739,200

* At lower of cost (LIFO, FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ No par value. Series A, $4.75 cumulative; series B, $1.35 cumulative.
++ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	8.81	9.79
%Net Income to Sales	6.80	5.24
%Net Income to Equity	21.98	19.16
Sales to Inventories	7.82	8.35
Debt to Equity	0.26	0.28
Working Capital	$ 1,128,900,000	$ 629,600,000
Current Ratio	0.65	1.16
Shareholders' Equity	$ 3,693,000,000	$ 3,314,200,000

Rogers Corporation

One Technology Drive
Rogers, Connecticut 06263
(203) 774-9605

Rogers Corporation

Officers: Norman L. Greenman, president & chief exec. officer; Harry H. Birkenruth, sr. vice president-polymer products group; Richard C. Berry, sr. v.p.-technology; Aarno A. Hassell, v.p.-electronic materials group; William Schoppenhorst, v.p.-human resources; Paul L. Anderson, v.p.-sales; Stuart J. Safft, v.p.-finance; A. David Chesmer, v.p.-manufacturing; Robert M. Soffer, treasurer; David M. Elwood, clerk; David A. Dorman, asst. controller; Donald F. O'Leary, asst. controller.

Directors: Harry H. Birkenruth, Wallace Barnes, Carl N. Hansen, Norman L. Greenman, Charles F. Spiro, Brage Golding, Leonid V. Azaroff, Mildred S. Dresselhaus, Donald J. Harper.

Areas of Work: The Company's operations consist of two segments: Interconnection Products, which are primarily interconnection circuits and components, keyboards, and microwave and circuit materials; and Polymer Products, including primarily molding materials, elastomeric products, polyurethane materials and components, and Durel electroluminescent lamps.

Divisions:

Molding Materials Division
Mill and Oakland Streets
Manchester, Connecticut 06040
(203) 646-5500
(203) 643-5162
Manufactures fiber reinforced thermosetting molding materials including phenolic and diallyl phthalate engineering plastics.

Poron/Composites Division-Composites Plant
One Technology Drive
Rogers, Connecticut 06263
(203) 774-9605
Manufactures RT/duroid and R/flex.

Poron/Composites Division-Poron Plant
P.O. Box 158
E. Woodstock, Connecticut 06244
(203) 928-7931
Manufactures Poron PVC and polyurethane-based microcellular materials.

Polymer Products Group-Willimantic Division
Route 32
Willimantic, Connecticut 06226
(203) 423-6323
Manufactures Nitrophyl carburetor and fuel tank floats, Endur engineered parts and assemblies.

Bus Products Division - Interconnection Products Group
5750 East McKeilips Road
Mesa, Arizona 85205
(602) 830-3370
Manufactures Mektron laminar power distribution bus bars, Quik/Bus conductors, and Strip/Bus bus strips.

Circuit Components Division - Interconnection Products Group
Mesa, Arizona
(602) 830-3370
Manufactures components mounted on printed circuit boards.

Flexible Interconnections Division
Dobson and Williams Field Road
Chandler, Arizona 85224
(602) 963-4684
Manufactures flexible circuits.

Circuit Materials Division - Interconnection Products Group
Dobson and Williamsfield Road
Chandler, Arizona 85224
(602) 963-4584
Manufactures R/flex materials for flexible circuit substrates and integrated circuit bonding tape carrier materials.

Microwave Materials Division
Microwave Products Group
Chandler, Arizona 85224
(602) 963-4584
Manufactures RT/duroid laminate materials for microstrip circuits, stripline circuits, and microwave antennas.

Soladyne Division of Microwave Products Group
San Diego, California
Manufactures microwave stripline and microstrip circuits and bonded assemblies.

Subsidiaries:

R/MAT, Inc. (80%-owned)
Manchester, Connecticut

Rogers Foreign Sales Corporation (FSC)
Rogers, Connecticut 06263
(203) 774-9605

Rogers Mexicana, S.A. de C.V.
Agua Prieta, Sonora, Mexico

Rogers Electronica, S.A. de C.V.
Monterrey, Nuevo Leon, Mexico

Rogers Japan Inc.
Tokyo, Japan

Mektron, N.V.
188 Afrikalaan
Ghent, Belgium

Mektron GmbH
Weiterstadt, West Germany

Mektron France S.A.
Rungis and Chateau Gontier, France

Mektron Circuits Systems, Ltd.
Leatherhead, United Kingdom

Joint Ventures:

Durel Corporation
Tempe, Arizona
Manufactures Durel electroluminescent lamps.

Rogers Inoue Corporation
Nagoya, Japan
Manufactures Endur-C products and Poron cellular polyurethane materials.

Smartflex Systems
Tustin, California
Monterrey, Nuevo Leon, Mexico
Produces smartflex assemblies.

Rogers Coselbra Industrial Ltda.
Sao Paulo, Brazil
Produces Q/PAC power distribution elements, Mini/Bus printed circuit bus bars, and Micro/Q decoupling capacitors, microwave stripline circuits and keyboards.

Transfer Agent(s):

The Connecticut Bank and Trust Company, N.A.
Stock Transfer Department
One Constitution Plaza
Hartford, Connecticut 06115

Stock Exchange(s): American, Pacific

Ticker Symbol: ROG

Number of Employees:

1988	3,089	1985	2,558
1987	2,738	1984	2,701
1986	2,515		

Plant Footage:

1988	1,441,000 sq. ft.	1985	1,200,800
1987	1,363,100	1984	1,121,000
1986	1,283,100		

Sales & Earnings

	Net Sales #	Net Income	No of Com. Shares	Earn. per Share †
1988	$ 162,476,000	$ 1,015,000	3,000,097	$ 0.33
1987*	145,314,000	3,377,000	2,981,397	1.13
1986	128,777,000	2,327,000	2,969,071	0.78
1985	125,299,000	772,000	2,957,502	0.26
1984	137,088,000	6,368,000	2,926,189	2.15

* 53 weeks.
# Of continuing operations only.
† Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.12	—	—
1987	0.12	—	
1986	0.12	—	—
1985	0.12	—	—
1984	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 53,132,000	$ 17.71
1987	53,308,000	17.88
1986	47,831,000	16.11
1985	44,401,000	15.01
1984	42,278,000	14.45

Income Account *

Year ended	1/1/89 (53 weeks)	1/3/88
Net sales	$ 162,476,000	$ 145,314,000
Cost of sales	127,470,000	109,684,000
Expenses	32,271,000	30,127,000
Other income	(1,468,000)	(1,352,000)
Interest expense	2,755,000	1,980,000
Nonrecurring items	—	17,000
Inc. bef. taxes	$ 1,448,000	$ 4,858,000
Income taxes	433,000	1,481,000
Net Income	$ 1,015,000	$ 3,377,000

* Included in Costs and Expenses, Depreciation and Amortization: $9,580,000 in 1988 and $8,592,000 in 1987.

Assets

As of	1/1/89	1/3/88
Cash & short-term invest.	$ 5,007,000	$ 6,470,000
Accts. receiv., net	27,896,000	24,627,000
*Inventories	19,028,000	18,145,000
Income taxes	885,000	—
Prepayments	821,000	303,000
Current Assets	$ 53,637,000	$ 49,545,000
#Fixed assets	61,160,000	55,783,000
Unexpended bond proceeds	—	754,000
Other assets	5,571,000	1,987,000
Total Assets	$ 120,368,000	$ 108,069,000

Liabilities

Notes payable	$ 4,781,000	$ 540,000
Long-term debt, curr.	2,542,000	2,286,000
Accts. payable	10,470,000	10,016,000
Accrued payroll	6,278,000	6,364,000
Accrued interest	1,130,000	914,000
Other accruals	2,160,000	1,961,000
Income taxes	—	36,000
Other taxes	1,082,000	1,293,000
Curr. Liabilities	$ 27,443,000	$ 23,410,000

Long-term debt	33,027,000	24,481,000
Deferred inc. taxes	6,537,000	6,590,000
Pension liability	229,000	280,000
+Common stock	3,000,000	2,981,000
Add. paid-in capital	18,409,000	18,017,000
Retained earnings	31,175,000	30,520,000
Equity trans. adjust.	548,000	1,790,000
Total Liabilities & Shareholders' Equity	$ 120,368,000	$ 108,069,000

* At lower of cost (standard costs which approx. actual cost) or market. Polymer Products divisions are valued at lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to sales	0.89	3.34
%Net Income to Sales	0.62	2.32
%Net Income to Equity	1.91	6.33
Sales to Inventories	8.54	8.01
Debt to Equity	0.20	0.51
Working Capital	$ 26,194,000	$ 26,135,000
Current Ratio	1.95	2.12
Shareholders' Equity	$ 53,132,000	$ 53,308,000

Rohr Industries, Inc.

Foot of H Street
P.O. Box 878
Chula Vista, California 92012-0878
(619) 691-4111

Officers: H. W. Todd, chairman, chief exec. officer & president; John W. Sandford, sr. v.p.-product operations; Robert H. Goldsmith, sr. v.p.-business operations; G. (Don) Sim, vice chairman; David J. Ruggles, sr. v.p.-finance & chief financial officer; Richard W. Madsen, v.p., general counsel & secretary; William Billingslea, Jr., corp. counsel & asst. secretary; Ronald M. Miller, treasurer; Nicholas A. Bucur, v.p.-commercial business; Peter Colston, v.p.-customer support; Robert G. Daly, v.p. & gen. mgr.-Riverside; John R. Johnson, v.p.-mfg., Chula Vista; Alek A. Mikolajczak, v.p.-technology & new products; Jack Y. Peckenpaugh, v.p.-materiel; Donald M. Purdy, v.p.-international business; David L. Canedo, v.p.-financial management; Alvin L. Majors, controller; Lawrence G. Rogna, v.p.-human resources; Jean-Pierre Rouziere, president & dir. gen.-Rohr France S.A.; Graydon A. Wetzler, v.p.-mgmt. information systems; N. James Wilson, v.p.-total quality improvement; David R. Watson, v.p.-quality & product assurance; Keith Gentry, v.p.-Space Products Division; Jay E. Hawley, v.p.-military business.

Directors: H. W. Todd, chairman; G. (Don) Sim, Wallace W. Booth, K. Robert Hahn, Wayne M. Hoffman, Robert H. Goldsmith, Jack D. Steele, Eugene E. Covert, James J. Kerley, Carl L. Sadler.

Areas of Work: The Company is an aerospace systems designer and manufacturer, producing components for commercial, military, and business aircraft and for solid rockets. Principal products include engineering services; engine nacelles, which are the pods that surround an aircraft's engines; thrust reversers, which are part of the nacelle system and assist in the deceleration of jet aircraft after landing; noise suppression systems; non-rotating engine components; solid rocket motor casings and nozzles and insulated booster casings for space launch vehicles.

Subsidiaries:

Rohr Southern Industries, Inc.
Foley, Alabama
Assembly of engine subsystems, pylons, nacelles, thrust reversers, and engine mount spares.

Rohr Aero Services, Inc.
Fairhope, Alabama
Repair and modification of commercial and business jet nacelles and thrust reversers.

Rohr France S.A.
Toulouse/, France
Final assembly of engine subsystems and nacelles for European-owned aircraft.

Rohr International Sales Corp.
Sales support for spare parts outside the U.S.

Rohr Credit Corp.
Finance subsidiary.

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois & New York, New York

Stock Exchange(s): New York, Pacific, London

Ticker Symbol: RHR (New York and Pacific)

Number of Employees:

1988	11,000	1986	8,400
1987	10,300		

Plant Footage:

1988	5,614,000 sq. ft.	1986	4,300,000
1987	4,789,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 906,841,000	$ 32,473,000
1987	663,406,000	26,899,000
1986	626,124,000	47,318,000
1985	593,583,000	47,306,000
1984	605,966,000	37,763,000

	No. of Com. Shares #	Earn. per Share ‡
1988	17,561,775	$ 1.85
1987	17,694,898	1.53
1986	17,533,686	2.70
1985	17,456,460	2.89
1984	15,592,000	2.46

# Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 374,689,000	$ 21.34
1987	345,768,000	19.54
1986	312,731,000	17.84
1985	264,333,000	15.14
1984	190,531,000	12.22

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended July 31	1988	1987
Net sales	$ 906,841	$ 663,406
Cost of sales	756,185	535,569
Expenses	35,473	34,012
Taxes	30,871	26,632
Depreciation & amortization	23,374	16,118
Interest expense	23,754	10,007
Interest income	(9,189)	(3,531)
Income before taxes	$ 46,373	$ 44,599
Income taxes	13,900	17,700
Net Income	$ 32,473	$ 26,899

Assets
(000's)

As of July 31	1988	1987
Cash	$ 86,533	$ 99,546
Accts. receiv., net	131,555	139,888
*Inventories	463,238	302,606
Prepaid expenses	13,090	19,026
Current Assets	$ 694,416	$ 561,066
Investments in Rohr Credit Corp.	—	9,859
#Fixed assets	188,306	135,662
Total Assets	$ 882,722	$ 706,587

Liabilities
(000's)

Accts. payable	$ 118,240	$ 99,994
Accrued payroll	45,319	45,234
Income taxes	31,582	41,249
Long-term oblig., curr.	1,972	1,957
Curr. Liabilities	$ 197,113	$ 188,434
Invest. in Rohr Credit Corp.	3,506	—
Other obligations	42,414	22,385
Subord. deben.	265,000	150,000
+Common stock	17,562	17,695
Add. paid-in capital	92,846	96,265
Retained earnings	264,281	231,808
Total Liabilities & Shareholders' Equity	$ 882,722	$ 706,587

* At lower of cost (average) or estimated realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.11	6.72
%Net Income to Sales	3.58	4.05
%Net Income to Equity	8.67	7.78
Sales to Inventories	1.96	2.19
Working Capital	$ 497,303,000	$ 372,632,000
Current Ratio	3.52	2.98
Shareholders' Equity	$ 374,689,000	$ 345,768,000

Rospatch Corporation

695 Kenmoor, S.E.
Grand Rapids, Michigan 49506
(616) 956-8000

Mailing address:
P.O. Box 2738
Grand Rapids, Michigan 49501

Officers: Jones Y. Pharr, Jr., chairman; Joseph A. Parini, president & chief exec. officer; Paul V. Smith, chief operating officer; David E. Hoger, v.p.; William E. Malpass, Jr., v.p.-finance, secretary & treasurer; Carol B. Dick, v.p.-human resources.

Directors: Jones Y. Pharr, Jr., chairman; Joseph A. Parini, J. Grant Beadle, James R. Sebastian, Jr., Ernest R. Seymour, Paul K. Gaston, Thomas W. Butler, Jr., Keith W. VanderHyde.

Areas of Work: The Company operates principally in two industry segments: technical products and wood products. Technical products include antisubmarine warfare equipment, gyroscopic instruments, phototools for the semiconductor industry, and avionics systems and electro-optical products. Wood products include ready-to-assemble furniture and detailed woodgrain and opaque finished particleboard and hardboard used as alternatives to traditional wood and wood veneer products.

Divisions and Subsidiaries:

Wood Products Group

Jessco Division
Dowagiac, Michigan

Tiffin Enterprise, Inc.
Tiffin, Ohio

Technical Products Group

Rospatch Electronic Systems
Rochester, New York

Guidance Technology, Inc.
Chatsworth, California

Santa Barbara Applied Optics, Inc.
Carpinteria, California

Infrared Industries, Inc.
12151 Research Parkway
Orlando, Florida 32826
(305) 282-7700

Designs, manufactures and markets electro-optical products which utilize infrared radiation.

Metatron, Ltd. (49% interest)
Tel-Aviv, Israel

Transfer Agent(s):

National Bank of Detroit
Detroit, Michigan

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RPCH (NASDAQ)

Number of Employees:

1988 1,053   1987 1,300

Plant Footage:*

1988 .... 218,000 sq. ft.

*Electronics-related only.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 66,388,000	$ 3,341,000
1987	61,249,000	1,493,000
1986	52,144,000	(1,208,000)
1985	41,282,000	1,804,000
1984	36,818,000	2,201,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	2,519,100	$ 1.33
1987	2,487,100	0.60
1986	1,963,996	—
1985	1,786,518	1.01
1984	1,417,122	1.55

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.15	—	
1986	0.60	—	—
1985	0.60	—	—
1984	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 46,851,000	$ 18.57
1987	43,014,000	17.34
1986	40,855,000	16.86
1985	29,487,000	16.76
1984	28,338,000	16.18

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 66,388,100	$ 61,248,500
Cost of sales	51,660,200	47,999,400
Expenses	8,787,600	7,859,600
Interest expense	843,500	694,400
Gain on dispos. of assets	(4,400)	(604,200)
Other income	(440,900)	(140,200)
Income before taxes	$ 5,542,100	$ 5,439,500
Income taxes	2,027,100	1,583,000
Income from cont. oper.	$ 3,515,000	$ 3,856,500
Loss from discont. oper	(173,600)	(2,363,800)
Net Income (Loss)	$ 3,341,400	$ 1,492,700

* Included in Costs and Expenses, Depreciation: $1,307,000 in 1988 and $1,152,100 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 755,100	$ 4,759,300
Accts. receiv., net	12,425,700	9,223,600
Refundable taxes	386,500	405,800
*Inventories	12,052,000	8,936,100
Prepaid expenses	388,600	509,500
Fut. inc. tax benefits	819,100	404,100
Current Assets	$ 26,827,000	$ 24,238,400
#Fixed assets	11,346,300	10,185,900
Net assets-discont. oper.	30,259,000	30,145,800
Other assets	1,037,500	1,594,800
Total Assets	$ 69,469,800	$ 66,164,900

Liabilities

Long-term debt, curr.	$ —	$ 25,000
Accts. payable	1,916,500	1,696,700
Accrued payroll	2,216,600	1,223,200
Accrued income taxes	1,257,000	2,039,800
Other accruals	1,233,200	2,181,900
Curr. Liabilities	$ 6,623,300	$ 7,166,600
Long-term debt	14,630,200	14,693,500
Deferred inc. taxes	1,127,100	1,017,500
Other deferred liab.	248,100	273,600
+Common stock	2,522,300	2,481,200
Add. paid-in capital	28,288,100	27,833,200
Retained earnings	16,040,700	12,699,300
Total Liabilities & Shareholders' Equity	$ 69,469,800	$ 66,164,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	7.13	3.47
Sales to Inventories	5.51	6.85
Debt to Equity	0.31	0.34
Working Capital	$ 20,203,700	$ 17,071,800
Current Ratio	4.05	3.38
Shareholders' Equity	$ 46,851,100	$ 43,013,700

Safeguard Scientifics, Inc.

630 Park Avenue
King of Prussia, Pennsylvania 19406
(215) 265-4000

Officers: Warren V. Musser, chairman & chief exec. officer; Adolf A. Paier, president & chief operating officer; Charles A. Root, exec. v.p.; Delbert W. Johnson, v.p. & pres.-Pioneer Metal Finishing; Raymond H. Kraftson, v.p.-general counsel & secretary; Joseph F. Waterman, v.p.; Gary J. Anderson, v.p.; Gerald M. Wilk, v.p.-finance; Michael W. Miles, corp. controller; Richard J. Giacco, assoc. general counsel; Robert P. Floyd, Jr., dir.-corp relations.

Directors: Warren V. Musser, chairman; Adolf A. Paier, Vincent G. Bell, Jr., Alfred R. Berkeley, Lawrence Chimerine, Ted L. Edwards, Robert A. Fox, Peter Likins, John W. Poduska, Sr., Russell E. Palmer, Heinz Schimmel Busch.

Areas of Work: Current activities of the Company include distribution of microcomputers and related products and services; design, production and sale of office workstation systems, microcomputer software systems, telecommunications equipment, and industrial products and services; and ownership and management of commercial real estate.

Subsidiaries:

CenterCore, Inc. (59%-owned)

Designs, manufactures and markets space-efficient modular office furniture workstation systems designed to address the needs of electronically oriented offices. Also distributes high-density, mobile-aisle filing systems.

CompuCom Systems, Inc. (59%-owned)

Markets and distributes microcomputers, related peripheral equipment and software.

Unison Technologies, Inc. (86%-owned)
Mission Viejo, California

Develops, manufactures and markets products that provide supplemental power for personal computers.

PowerTech Systems
Aberdeen, South Dakota

Manufactures and markets a broad line of products that enable power sources to more effectively drive mechanical and hydraulic systems. These products include enclosed gear drives, mounted bearings, and other specialty items used in power transmission.

Coherent Communications Systems Corporation (98%-owned)

Develops, manufactures and markets sophisticated communications conditioning equipment such as analog and digital echo cancellers and acoustical cancellers, as well as data and voice communications equipment, involving the integration of voice/data multiplexing and transmission, modems and telephone-telegraph transmission equipment.

Sanchez Computer Associates (38%-owned)
Malvern, Pennsylvania

Develops and markets proprietary computer software products for financial institutions.

Pioneer/Norelkote
Minneapolis, Minnesota; Green Bay, Wisconsin &
Phoenix, Arizona

Provides a variety of metal finishes for aluminum and steel products.

Blue Chip Products, Inc. (24%-owned)

Manufactures and distributes remanufactured automotive parts, including water pumps, clutches, starters and alternators.

The Nichols Company (40%-owned)

Commercial real estate development company.

QVC Network (5%-owned)

Markets a variety of consumer products and services through a cable home shopping network.

Novell (10%-owned)

Designs, manufactures and markets a family of local area network and communication products which allow personal computers to share files, data and resources.

Rabbit Software Corporation (24%-owned)

Designs, develops, and markets communications software products.

DDI Financial Systems, Inc. (20%-owned)

Provides financial management systems and specialized accounting software to financial institutions.

PictureWare, Inc. (18%-owned)

Develops, markets and sells image management software products for IBM PCs and compatibles.

Surgilase, Inc. (46%-owned)
Develops, markets and sell medium and high power carbon dioxide surgical lasers based on state-of-the-art "sealed tube" technology; also markets low power CO2 lasers used in out-patient facilities and the physician office environment.

Laser Communications, Inc. (55%-owned)
Designs, develops and produces laser products which have the ability to transmit and receive simultaneously electronic voice, video and data communications through the atmosphere for distances up to one kilometer.

Premier Systems, Inc. (17%-owned)
Markets a highly integrated trust accounting and securities processing systems for use by banks and investment managers.

Triangle Electronics Company (26%-owned)
Markets discounted software products via the computer.

Acquisition:

Tangram Systems Corporation (63%-owned)
Develops and markets cooperative processing software that enables personal computers to interact effectively with large mainframe computers.

Transfer Agent(s):

Mellon Bank (East) N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): New York

Ticker Symbol: SFE

Sales & Earnings

	Net Sales	Net Income †
1988	$ 284,179,000	$ 7,249,000
1987	103,321,000	12,876,000
1986	67,515,000	7,109,000
1985	58,829,000	3,323,000
1984	63,170,000	505,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	5,047,000	$ 1.44
1987	5,041,000	2.55
1986	4,598,000	1.55
1985	4,450,000	0.75
1984	4,347,000	0.12

(Loss)
† Including extraordinary gain of $1,378,000 ($0.30 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Information technology:		
Microcomputer syst.	$ 171,534	$ 17,160
Workstation systems	39,242	26,053
Data communications	14,724	11,482
Industrial services:		
Power tech. systems	40,342	32,851
Metal finishing	13,387	10,495
Commercial real estate	4,950	4,462
Specialty services	—	818
Total	$ 284,179	$ 103,321

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 63,597,000	$ 12.60
1987	52,694,000	10.45
1986	34,429,000	7.49
1985	25,599,000	5.75
1984	21,582,000	4.96

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec. 31	1988	1987
Revenues:		
Net sales	$ 284,179	$ 103,321
Gains on sale of secur.	19,994	18,676
Other income	2,215	2,740
Total revenues	$ 306,388	$ 124,737
Cost of sales	218,380	65,451
Expenses	55,763	29,235
Depreciation & amortization	7,610	5,625
Minority interest	1,489	954
Eq. participation	—	(5,461)
Inc. from eq. invest.	(851)	(2,644)
Interest expense	11,449	7,733
Income before taxes	$ 12,548	$ 23,844
Income taxes	5,299	10,968
Net Income	$ 7,249	$ 12,876

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 3,070	$ 1,828
Market. secur.	—	9,120
Accts. receiv., net	67,588	42,910
*Inventories	69,289	36,658
Other curr. assets	1,713	1,239
Current Assets	$ 141,660	$ 91,755
#Fixed assets	20,473	18,450
Commercial rl. estate	45,375	46,528
Investments	27,382	25,963
Notes receivable	4,447	2,400
Intangibles	19,717	18,243
Other assets	5,392	4,647
Total Assets	$ 264,446	$ 207,986

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 2,774	$ 1,805
Accts. payable	37,680	15,626
Accruals	15,472	11,275
Income taxes	899	3,192
Curr. Liabilities	$ 56,825	$ 31,898
Long-term debt	75,867	55,216
Commercial rl. est. debt	44,906	44,783
Deferred inc. taxes	10,556	12,785
Minority interest	11,769	5,185
Other liabilities	926	1,425
Subord. obligations	—	4,000
+Common stock	547	547
Add. paid-in capital	26,284	26,582
Retained earnings	37,241	29,992
Treasury stock	(475)	(4,427)
Total Liabilities & Shareholders' Equity	$ 264,446	$ 207,986

* At lower of cost (FIFO) or market. Industrial services at LIFO, microcomputer systems at average cost.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	4.42	23.08
%Net Income to Sales	2.55	12.46
%Net Income to Equity	11.40	24.44
Sales to Inventories	4.10	2.82
Debt to Equity	1.24	1.08
Working Capital	$ 84,835,000	$ 59,857,000
Current Ratio	2.49	2.88
Shareholders' Equity	$ 63,597,000	$ 52,694,000

Sage Laboratories, Inc.

11 Huron Drive
East Natick Industrial Park
Natick, Massachusetts 01760-1314
(508) 653-0844

Officers: Theodore S. Saad, president & chairman of the board; Carl A. Marguerite, exec. v.p. & treasurer; Anthony Cieri, v.p.-sales; Harry F. Chapell, v.p.-research & development; Robert P. Moncreiff, clerk.

Directors: Theodore S. Saad, Robert Elliott, Edward M. Scheu Scheu, Jr., Carl A. Marguerite, Edward M. Scheu, Jr., John E. Miller.

Areas of Work: Designs, develops and manufactures specialized components (both active and passive) and equipment used in the transmission, reception, and modification of microwave energy. Such components include mixers, filters, hybrids, couplers, switches, rotary joints, attenuators and terminations.

Division:

Components Division
11 Huron Drive
Natick, Massachusetts 01760
(508) 653-0844

Subsidiaries:

Sage Laboratories Investment Corporation

Transfer Agent(s):

State Street Bank & Trust Co.
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SLAB (NASDAQ)

Number of Employees:

1988	41
1987	40
1986	38
1985	41
1984	38

Plant Footage:

1988	20,000 sq. ft.
1987	20,000
1986	20,000
1985	13,000
1984	13,000

Sales & Earnings

	Net Sales ‡	Net Income
1988	$ 5,646,715	$ 564,448
1987	4,533,909	457,811
1986	5,428,945	838,398
1985	5,240,460	806,803
1984	4,175,321	606,958

	No. of Com. Shares	Earn. per Share +
1988	395,455	$ 1.38
1987	417,405	1.07
1986	448,905	1.80
1985	456,621	1.73
1984	455,021	1.33

‡ Includes contract revenues.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 4,633,267	$ 11.35
1987	4,308,386	10.07
1986	4,546,279	9.74
1985	4,062,989	8.70
1984	3,235,478	7.09

Income Account*

Year ended June 30		1988		1987
Net sales & contract revenues	$	5,646,715	$	4,533,909
Cost of sales		2,768,246		2,355,117
Expenses		1,828,707		1,347,166
Oper. profit	$	1,049,762	$	831,626
Interest income		(159,763)		(153,617)
Dividend income		(48,599)		(60,083)
Interest expense		174,657		122,956
Loss on property		25,461		97,559
Loss on market. secur.		96,558		—
Income before taxes	$	961,448	$	824,811
Income taxes		397,000		367,000
Net Income	$	564,448	$	457,811

* Included in Costs and Expenses, Depreciation and Amortization: $401,330 in 1988 and $226,784 in 1987.

Assets

As of June 30		1988		1987
Cash	$	7,474	$	10,640
Short-term investments		2,345,385		1,924,216
Accts. receiv., net		1,061,804		977,867
*Inventories		854,371		745,331
Note receiv. - officer		—		51,287
Prepaid expenses		82,036		42,267
Current Assets	$	4,351,070	$	3,751,608
#Fixed assets		2,953,326		2,991,175
Note receiv. - officer		111,627		—
Other assets		174,968		217,698
Market secur.		439,830		644,588
Total Assets	$	8,030,821	$	7,605,069

Liabilities

Long-term debt, curr.	$	166,667	$	166,667
Accts. payable		182,641		246,435
Accrued payroll		480,957		333,336
Accrued commissions		107,143		87,567
Accrued taxes		207,449		102,656
Other accruals		99,605		102,263
Curr. Liabilities	$	1,244,462	$	1,038,924
Long-term debt		2,016,092		2,182,759
Long-term deferred taxes		137,000		75,000
+Common stock		488,096		488,096
Add. paid-in capital		1,014,369		1,014,369
Retained earnings		4,537,396		4,056,429
Valuation allow. on secur.		(156,393)		(153,357)
Treasury stock		(1,187,655)		(947,205)
Deferred comp.		(62,546)		(149,946)
Total Liabilities & Shareholders' Equity	$	8,030,821	$	7,605,069

* At lower of cost (FIFO) or market.
# Less accumulated deprecation and amortization.
+ $1 par value.

Statistical Summary

%Income before Taxes to Sales & Rev.		17.03		18.19
%Net Income to Sales & Rev.		10.00		10.10
%Net Income to Equity		12.18		10.63
Debt to Equity		0.47		0.55
Working Capital	$	3,106,608	$	2,712,684
Current Ratio		3.50		3.61
Shareholders' Equity	$	4,633,267	$	4,308,386

The Samsung Group

Samsung Main Building
250 2-ka Taepyung-ro Chung-ku
Seoul, Korea

Executives: Byung-Chull Lee, chairman of the board-Samsung Group; Kun-Hee Lee, vice-chairman-Samsung Group; Hyon-Hwak Shin, chairman-Samsung Co., Ltd.; Joon-Sung Kim, chairman-Samsung Electronics Co., Ltd.; Jae-Un Chung, vice chairman-Samsung Co., Ltd.; Pil-Gon Rhee, president-Samsung Co., Ltd.; Yung-Hi Sohn, president-Cheil Sugar & Co., Ltd., Dae-Won Lee, president-Cheil Wool Textile Co., Ltd; Chun-Hwa Lee, president-Cheil Synthetic Textile Co., Ltd.; Hoon-Chull Shin, president-Samsung Aerospace Industries Co., Ltd.; Hyoung-Soo Han, president-Samsung Corning Co., Ltd.; Joo-In Suh, president-Samsung Electro-Mechanics Co., Ltd.; Pyung-Kun Sung, president-Samsung Petrochemical Co., Ltd.; Kwan-Shik Choi, president-Samsung Shipbuilding & Heavy Industries Co., Ltd. and Korea Engineering Co., Ltd; Ki-Suk Park, president-Samsung Construction Co., Ltd.; Jin-Ku Kang, president-Samsung Semiconductor & Telecommunications Co., Ltd.; Sae-Chang Song, president-Semiconductor & Telecommunications Co., Ltd.; Jung-Sang Kim, president-Samsung Watch Co., Ltd.; Sang-Ho Jeun, president-Samsung Data Systems Co., Ltd.; In-Ho Kim, president-Chonju Paper Manufacturing Co., Ltd. and Hotel Shilla Co., Ltd.; Soo-Hwan Lee, president-Joong-ang Development Co., Ltd.; Si-Hwan Ahn, president-Samsung Electronics Co., Ltd.; Jung-Bae Kim, president-Samsung Electronic Devices Co., Ltd.; Kyung-Shik Sohn, president-Ankuk Fire & Marine Insurance Co., Ltd.; Soo-Bin Lee, president-Dongbang Life Insurance Co., Ltd.; Han-Sup Ryu, president-Shinsegae Department Store Co., Ltd.; Woon-Hai Cho, chairman-Koryo General Hospital.

Areas of Work: In the Electronics area, the Company manufactures color and black-and-white TVs, video cassette recorders, stereo systems, home appliances, industrial electronic equipment, picture tubes, CRTs for data display, display monitors, receiving tubes, transistors, diodes, computers, VHF and UHF tuners, condensers, ceramic capacitors, speakers, deck mechanisms, TV glass bulbs, electronic gun-mounts, glass rods, glass bulbs for computer display, 64K D-RAM, 256K D-RAM, and IM D-RAM semiconductors, optical cables and fibers, electronic switching systems, and facsimiles.

In the Precision area, the Company manufactures jet engines, electro-optics equipment, cameras, industrial robots, process control systems, computer peripherals, digital and analog watches, and electronic display boards.

The Company is also involved in the production of industrial machinery, chemicals and textiles, food processing, insurance, hotel services, the operation of department stores and newspapers and magazines.

Subsidiaries (Korea):

Samsung Co., Ltd.
Samsung Main Bldg., 26th Floor
250 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 1144
Seoul, Korea
751-2114

Cheil Sugar & Co. Ltd.
Dongbang Main Blgd., 18th Floor
150 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 1155
Seoul, Korea
7518-114

Cheil Wool Textile Co., Ltd.
Samsung Main Bldg., 8th Floor
250 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 1955
Seoul, Korea
751-2114

Cheil Synthetic Textiles Co., Ltd.
Dongbang Main Bldg., 19th Floor
150 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 3913
Seoul, Korea
7518-114

Chonju Paper Mfg. Co., Ltd.
Donbang Main Bldg., 21st Floor
150, 2-ka Taepyung-ro, Chung-ku
Seoul, Korea
755-6619
755-2357

Joong-Ang Development Co., Ltd.
Samsung Bldg., 12th Floor
50, 1-ka, Ulchi-ro, Chung-ku
Seoul, Korea
777-5801

Samsung Electronics Co., Ltd.
Joong-ang Daily News Bldg., 18th Floor
7, Soonhwa-dong, Chung-ku
C.P.O. Box 2775
Seoul, Korea
751-6114

Samsung Electron Devices Co., Ltd.
Joon-ang Daily News Bldg., 5-8th Floor
7, Soonhwa-dong, Chung-ku
Seoul, Korea
755-2333

Samsung Aerospace Industries Ltd.
Dongbang Main Bldg., 16th Floor
150, 2-ka Taepyung-ro, Chung-ku
Seoul, Korea
7518-114

Samsung Corning Co., Ltd.
472 Sin-ri, Taean-up, Whasung-kun
Kyungki-do, Korea
P.O. Box 32
Suwon:(0331)33-5588
Seoul:7515-114

Samsung Electro-Mechanics Co., Ltd.
314 Maetan-dong, Suwon-si
Kyungki-do, Korea
Seoul:7512-114
Suwon:33-5511

Samsung Petrochemical Co., Ltd.
Dongbang Main Bldg., 10th Floor
150, 2-ka, Takepyung-ro, Chung-ku
Seoul, Korea
7518-821/31

Samsung Shipbuilding & Heavy Industries Co., Ltd.
Samsung Main Bldg., 19-20 Floor
250, 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 3384
Seoul, Korea
751-2114

Ankuk Fire & Marine Insurance Co., Ltd.
Samsung Bldg., 6th Floor
50, 1-ka, Ulchi-ro, Chung-ku
C.P.O. Box 469
Seoul, Korea
771-42

Dongbang Life Insurance Co., Ltd.
Dongbang Main Bldg.
150, 2-ka, Taepyung-ro, Chung-ku
Seoul, Korea
7518-14

Shinsegae Department Store Co., Ltd.
52-5, 1-ka, Chnungmu-ro, Chung-ku
Seoul, Korea
754-1234

Koryo General Hospital
108, Pyeong-dong, Chongno-ku
C.P.O. Box 3452
Seoul, Korea
739-3211/20

Hotel Shilla Co., Ltd.
202, 2-ka, Jangchung-dong, Chung-ku
Seoul, Korea
233-3131

Samsung Construction Co., Ltd.
Joong-ang Bldg.
58-9 Seosomun-dong, Chung-ku
C.P.O. Box 8526
Seoul, Korea
757-8877

Samsung Electronics U.K. Ltd.
Joong-ang Bldg., 9th Floor
58-9, Seosomun-dong, Chung-ku
C.P.O. Box 4351
Seoul, Korea
757-9900

Samsung Semiconductor & Telecommunications Co., Ltd.
Dongbang Main Bldg., 26th Floor
150, 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 8233
Seoul, Korea
771-78

Samsung Watch Co., Ltd.
Samsung Main Bldg., 7th Floor
250, 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 1806
Seoul, Korea
751-2114

Samsung Medical Systems Co., Ltd.
429-1 Sin-ri Taean-up
Hwasung-gun, Kyungki-do
745-5491/4

Samsung Hewlett Packard Co.
36-1 Youido-dong, Youngdeungpo-ku
Seoul, Korea
784-2666

The Joong-Ang Daily News
Joun-ang Daily News Bldg.
7, Soonhwa-dong, Chung-ku
Seoul, Korea
7515-114

Samsung Data Systems Co., Ltd.
Samsung Main Bldg., 6th Floor
250, 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 4283
Seoul, Korea
756-6313

Subsidiaries (U.S.A.):

Samsung Electronics America Inc.
301 May Hill Street
Saddlebrook, New Jersey 07662
(201) 587-9600
0010

Samsung International Inc.
One Samsung Place
Ledgewood, New Jersey 07852
(201) 347-8004

Samsung America Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 592-7900
(212) 227-9770

Samsung Pacific International Inc.
1425 East Firestone Blvd.
La Mirada, California 90638
802-2211

Samsung Steel (U.S.A.) Inc.
1333 West Loop South, Suite 1180
Houston, Texas 77027
(713) 960-1910

Samsung Semiconductor Inc. (U.S.A.)
5150 Great America Parkway
Santa Clara, California 95054
(408) 980-1630

Eugene Tech International Inc.
4-Pearl Court Allendale Park
Allendale, New Jersey 07401
(201) 391-6498

Stock Exchange(s): Seoul, Korea.

Number of Employees:

1986	147,154	1985	129,039

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1986	W 14,615,742	W 161,150
1985	12,230,639	97,598
1984	8,680,328	N.A.
1983	6,023,770	N.A.
1982	5,018,516	N.A.

W-Korean Won
N.A. – Not Available

Revenues By Line of Business
(millions)

	1986	1985
Exports, imports, domestic mktng.	W 4,275,449	W 3,801,711
Electronic	2,951,240	2,322,630
Industrial	436,550	516,134
Chemical	102,989	111,827
Engineering	439,383	465,899
Newsprint	120,029	86,919
Jet engines	89,682	74,043
Digital elec.	39,069	29,290
Food products	544,926	471,425
Textile	403,595	358,003
Other	4,894,930	3,790,358

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1986	W 1,101,851	—
1985	891,496	—

Income Account *
(millions)

Year ended Dec. 31	1986	1985
Net sales	W 14,615,742	W 12,230,639
Other income	196,915	121,802
Total income	W 14,812,657	W 12,352,441
Cost of sales	13,128,950	11,030,355
Expenses	923,776	705,113
Interest expense	378,395	339,799
Other expense	161,010	150,801
Income before taxes	W 220,526	W 126,373
Income taxes	59,376	28,775
Net Income	W 161,150	W 97,598

* Included in Costs and Expenses, Depreciation and Amortization: W278,352,000,000 in 1986 and W263,578,000,000 in 1985.

Assets
(millions)

As of Dec. 31	1986	1985
Cash	W 423,018	W 374,320
Marketable securities	68,834	65,713
Notes receivable	314,034	216,371
Accts. receiv., net	878,747	842,760
Inventories	867,604	675,381
Other curr. assets	2,503,814	1,774,684
Current Assets	W 5,056,051	W 3,949,229
Investments	1,185,966	860,492
#Fixed assets	2,948,443	2,322,973
Other assets	240,784	205,022
Total Assets	W 9,431,244	W 7,337,716

Liabilities
(millions)

Notes payable	W 378,706	W 250,107
Short-term loans	1,327,794	1,185,842
Long-term debt, curr.	501,452	318,618
Accts. payable	289,688	226,315
Accruals	151,872	149,025
Advances from cust.	119,251	78,112
Other accruals	392,228	188,424
Curr. Liabilities	W 3,160,991	W 2,396,443
Debentures	320,964	458,941
Long-term debt	1,271,067	1,044,554
Reserves	136,049	98,522
Other liabilities	3,440,322	2,447,760
Common stock	555,742	458,464
Add. paid-in capital	207,409	199,421
Retained earnings	338,700	233,611
Total Liabilities & Shareholders' Equity	W 9,431,244	W 7,337,716

Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	1.51	1.03
%Net Income to Sales	1.10	0.80
%Net Income to Equity	14.63	10.95
Sales to Inventories	16.85	18.11
Debt to Equity	3.16	3.14
Working Capital*	W 1,895,070	W 1,552,786
Current Ratio	1.60	1.65
Shareholders' Equity *	W 1,101,851	W 891,496

* (millions)

Sargent-Welch Scientific Company

7300 North Linder Avenue
Skokie, Illinois 60077
(312) 677-0600

(The company is a wholly owned subsidiary of ARTRA Group Incorporated.)

Officers: Dieter E. A. Tannenberg, chairman, president & chief executive officer; D. Jeffrey Baddeley, exec. v.p., secretary & general counsel; Roger A. Knuth, v.p.-marketing & business development; James S. Anderson, v.p. & gen. mgr.-Welch Scientific Division; William B. Jarrett, v.p.-U.S. distribution operations; Michael W. McCarty, v.p., controller & asst. secretary; Robert L. Bieser, v.p. & dir.-marketing, science education.

Directors: Dieter E. A. Tannenberg, chairman; D. Jeffrey Baddeley, John G. Hamm, Peter R. Harvey, Philip E. Ruben.

Areas of Work: Products manufactured by Sargent-Welch include balances, charts, Cryo-Source cryogenic refrigerators, electric meters, fluorimeters, hot plates, laboratory clamps and supports, mechnical high vacuum pumps, refrigeration pumps and oil-less piston compressors, prepared microscope slices, Milikan apparatus, nuclear scalers, ovens, pH/ISC meters, Polarograph Voltammetric analyzers, preserved animals, potentiometric stripchart recorders, ripple tanks, Sargent-Slomin electrodeposition apparatus, living and mounted specimens, stirrers, thermostatic baths and turbomolecular high vacuum pumps, related accessories and many other electroanalytical instruments, laboratory appliances and devices, hardware and demonstration apparatus items, ranging from simple to complex, used in industrial applications and for teaching anatomical, biological, chemical, mathematical and physical properties and principles.

In addition to manufactured products, Sargent-Welch also serves as distributor for more than 1,000 suppliers of complementary products, including other instruments and apparatus, chemicals, laboratory glassware and furniture, plasticware, porcelainware, hardware, filter papers and computer software.

Subsidiaries:

SWS International Limited
Delaware

SWS, Inc.
Delaware

Sargent Welch Scientific of Canada, Limited
Weston, Ontario

Number of Employees:

1987	675	1984	775
1986	N.A.	1983	750
1985	750		

N.A. - Not Available.

Plant Footage:

1987	485,000 sq. ft.	1984	485,000
1986	485,000	1983	661,800
1985	485,000		

NOTE: Effective Nov. 30, 1986, a wholly-owned subsidiary of ARTRA acquired all of the outstanding shares of Sargent-Welch. The acquisition has been accounted for by the purchase method.

Sales & Earnings

	Net Sales	Net Income
12/21/87‡	$ 76,431,000	$ (3,667,000)
12/31/86* ‡	4,814,000	(906,000)
11/30/86# +	70,917,000	4,232,000
12/31/85+	82,212,000	5,624,000
12/31/84+	78,362,000	4,872,000

	No. of Com. Shares	Earn. per Share †
12/31/87‡	—	$ —
12/31/86* ‡	2,345,804	—
12/30/86# +	2,345,804	1.80
12/31/85+	2,345,804	2.40
12/31/84+	2,342,054	2.08

(Loss)
* 1 month
# 11 months
+ Pre-acquisition.
‡ Post-acquisition.
† Based on the average number of shares outstanding.

Income Account

Year ended Dec. 31	1987	1986
Net sales	$ 76,431,000	$ 4,814,000
Other income	605,000	147,000
Total income	$ 77,036,000	$ 4,961,000
Cost of sales	53,208,000	3,465,000
Expenses	28,431,000	3,482,000
Loss before taxes	$ (4,603,000)	$ (1,986,000)
Tax credit	(936,000)	(1,080,000)
Net Loss	$ (3,667,000)	$ (906,000)

Assets

As of Dec. 31	1987	1986
Cash	$ —	$ 34,851,000
Accts. receiv., net	13,940,000	11,566,000
*Inventories	20,124,000	23,543,000
Other assets	6,508,000	1,145,000
Current Assets	$ 40,572,000	$ 71,105,000
#Fixed asset	14,370,000	17,285,000
Goodwill & other assets	27,101,000	20,854,000
Total Assets	$ 82,043,000	$ 109,244,000

Liabilities

	1987	1986
Bank overdraft	$ 621,000	$ —
Notes payable	49,803,000	76,354,000
Accts. payable	8,762,000	2,581,000
Payable for securities	257,000	2,235,000
Accruals	4,236,000	6,325,000
Income taxes	285,000	442,000
Curr. Liabilities	$ 63,964,000	$ 87,937,000
Deferred inc. taxes	207,000	1,709,000
Other liab.	1,774,000	—
+Common stock	—	2,500,000
Add. paid-in capital	20,500,000	19,675,000
Retained earnings (deficit)	(4,573,000)	(906,000)
Cum. trans. adj.	171,000	5,000
Treasury stock	—	(1,676,000)
Total Liabilities & Shareholders' Equity	$ 82,043,000	$ 109,244,000

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

	1987	1986
Sales to Inventories	3.80	0.20
Debt to Equity	3.09	3.90
Shareholders' Equity	$ 16,098,000	$ 19,598,000

Scan-Optics, Inc.

22 Prestige Park Circle
East Hartford, Connecticut 06108
(203) 289-6001

Officers: Philip C. Davy, president & chief operating officer; Clarence W. Rife, sr. v.p.-customer service; Douglas J. Russo, sr. v.p.-marketing; Charles F. Wilson, sr. v.p.-sales; James J. Everett, v.p.-sales; John B. Sayre, v.p.-manufacturing; William H. Cuddy, secretary; John H. Aucoin, v.p., controller & asst. secretary; John V. Woods, gen. mgr.-Scan-Optics Ltd.; Carolyn M. Skahill, treasurer.

Directors: Logan Clarke, Jr., Robert H. Steele, Richard J. Coburn, Lyman C. Hamilton, Jr., Richard Hodgson, Philip C. Davy, John Spanos.

Areas of Work: Engaged in the development, manufacture and marketing of data entry systems using optical character recognition, key data entry and image processing technologies. The Company either sells this data entry equipment directly to customers or leases it through its wholly owned subsidiary, World-Wide Systems Corporation. The Company also furnishes maintenance and engineering support service to its customers as well as software and systems analysis service.

Subsidiaries:

World-Wide Systems Corporation
22 Prestige Park Circle
East Hartford, Connecticut 06108
(203) 289-6001

Scan-Optics, Limited
36 Sunbury Cross Centre
Sunbury, Middlesex TW16 7AZ, England

Scan-Optics (Canada), Ltd.
7100 Woodbine Avenue
Suite 213
Markham, Ontario L3R 5J2, Canada

Scan-Optics (France), S.A.
140 boulevard Malesherbes
75017 Paris, France

Transfer Agent(s):

The Connecticut Bank & Trust Co., N.A.
One Constitution Plaza-X18J
Hartford, Connecticut 06115

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SOCR (NASDAQ)

Number of Employees:

1988	584
1987	528
1986	N.A.
1985	377
1984	354

Plant Footage:

1988	166,000 sq. ft.
1987	136,000
1986	N.A.
1985	64,000
1984	59,000

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 31,793,028	$ (1,941,238)
1987	29,324,963	(1,135,471)
1986	15,829,268	3,019,321
1985	18,249,612	3,861,787
1984	15,663,372	4,308,614

	No. of Com. Shares +	Earn. per Share +
1988	6,306,518	$ —
1987	6,535,743	—
1986	6,693,808	0.45
1985	6,147,228	0.63
1984	6,129,465	0.72

(Loss)
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 33,406,872	$ 5.30
1987	36,569,743	5.60
1986	40,227,318	6.01
1985	32,157,012	5.23
1984	28,068,093	4.58

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended Dec. 31	1988	1987
Net sales	$ 31,793,028	$ 29,324,963
Lease & service rev.	15,803,965	13,318,649
Total income	$ 47,596,993	$ 42,643,612
Cost of sales	21,792,200	20,072,850
Expenses	26,056,840	25,212,991
Depreciation	77,964	53,930
Interest income	(37,739)	(250,387)
Interest expense	795,648	238,108
Other income	(77,052)	(144,371)
Loss before taxes	$ (1,010,868)	$ (2,539,509)
Tax credit	(351,049)	(1,404,038)
Cum. effect of acct. change	1,281,419	—
Net Loss	$ (1,941,238)	$ (1,135,471)

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 773,400	$ 318,746
Marketable securities	—	1,139,711
Accts. receiv., net	11,577,774	12,862,153
Refund inc. taxes	1,530,299	979,682
Receiv. - sales-type leases	1,816,830	2,124,965
*Inventories	26,906,800	20,442,105
Prepaid expenses	560,839	539,240
Current Assets	$ 43,165,942	$ 38,406,602
Equip. leased to customers	184,925	235,892
#Fixed assets	10,257,640	10,165,143
Invest. in sales-type leases	2,294,965	2,208,265
Other assets	348,084	297,837
Total Assets	$ 56,251,556	$ 51,313,739

Liabilities

	1988	1987
Notes payable	$ 10,150,000	$ 1,950,000
Long-term debt, curr.	911,647	1,558,334
Accts. payable	3,454,862	3,665,033
Accrued payroll	1,091,318	1,310,673
Other accruals	1,271,289	1,307,992
Income taxes	163,216	339,139
Misc. taxes	683,211	702,862
Def. inc. taxes	233,028	552,435
Deferred billings	1,698,000	—
Curr. Liabilities	$ 19,656,571	$ 11,386,468

Other liabilities	246,380	202,682
Long-term debt	2,618,180	2,337,500
Deferred inc. taxes	323,553	817,346
+Common stock	117,071	117,071
+Common stock - Class A	17,089	17,089
Add. paid-in capital	33,784,571	33,784,571
Curr. trans. adj.	153,076	182,382
Debt guarantee for ESOP	(1,192,327)	—
Retained earnings	3,173,267	5,114,505
Treasury stock	(2,645,875)	(2,645,875)
Total Liabilities & Shareholders' Equity	$ 56,251,556	$ 51,313,739

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.02 par value.

Statistical Summary

Sales to Inventories	1.18	1.43
Debt to Equity	0.11	0.16
Working Capital	$ 23,509,371	$ 27,020,134
Current Ratio	2.20	3.37
Shareholders' Equity	$ 33,406,872	$ 36,569,743

Schlumberger Limited

277 Park Avenue
New York, New York 10172
(212) 350-9400

42, rue Saint-Dominique
Paris 75007, France

2-7-1, Nishi-Shinjuku 2-chome
Shinjuku-ku
Tokyo 163, Japan

Officers: Euan Baird, chairman of the board & chief exec. officer; Arthur Lindenauer, exec. v.p. & chief financial officer; Michel Gouilloud, exec. v.p.; Roland Genin, vice chairman of the board; Victor E. Grijalva, exec. v.p.; Rene Mitieus, exec. v.p.; Ian Strecker, exec. v.p.; Andre Salaber, exec. v.p.; Jean-Dominique Percevault, v.p.; Allen Klein, v.p.; Andre Misk, v.p.; Jean Boucharlat, v.p.; John Ingram, v.p.; Jimmy D. Callison, v.p.; Patrick J. B. Corser, controller; David S. Browning, secretary & general counsel; Andrew Gould, treasurer; James A. Mackenzie, asst. secretary; Thomas O. Rose, asst. secretary.

Directors: Euan Baird, chairman; Roland Genin, George H. Jewell, Paul A. Lepercq*, Don E. Ackerman, Nicolas Seydoux, Guy Dejouany, John Deutch, Didier Primat, Eiji Umene, Arnaud de Vitry.

* Member of the Executive Committee

Areas of Work: Provides measurement and control instruments and systems, computer-aided design, manufacturing and testing services, and electronic components for consumer, industrial and commercial applications. Also offers well-site and contract drilling services to the oil industry on a worldwide basis.

Divisions and Subsidiaries:

Schlumberger Industries

Defense Systems
Data acquisition and magnetic tape recording systems; signal processing and electronic countermeasures systems; control equipment for nuclear power systems; miniature CCD cameras and high performance reconnaissance cameras; training systems.

Electronic Transactions
Electronic payment terminals, smart cards, card-operated public payphones; fuel dispensing systems; parking terminals.

Electricity Management Division
Electricity meters and equipment for electric power distribution, load and rate management systems; network protection systems; instrument transformers for electric power transmission; remote meter reading and billing.

Water and Gas Division
Water meters and distribution equipment; gas meters and distribution equipment.

Process, Control and Transducers
Process control equipment; nuclear valves; transducers.

Wireline, Seismic and Testing Services

Wireline and Testing Services
Wireline service companies provide measurements of physical properties of underground formations which help locate and evaluate oil and gas reservoirs and assist in completion, development and production phases of oil wells. Well Testing, pressure measurement; completion workover, and production services.

Drilling Services

Sedco Forex
Drilling offshore and on land.

Anadrill
Well-site computer analysis of surface and downhole drilling and geological data; directional drilling services; drilling tool rentals.

Seismic Services

CECO (50%-owned)
Marine seismic data acquisition and processing services.

Pumping Services

Dowell-Schlumberger (50%-owned)
Well cementing and stimulation.

Schlumberger Technologies

Automated Test Equipment
Systems for testing and design verification of semiconductors and printed circuit boards.

Computer Aided Design and Manufacturing
Software and computer systems for design and manufacturing processes of mechanical and electronic products.

Graphics
Plotters to print images generated by computers.

Instruments
Electronic instruments for design verification, and test and measurement, primarily in telecommunications and mechanical industries.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Paris, London, Amsterdam, Geneva, Frankfurt, Lausanne, Zurich

Ticker Symbol: SLB (New York)

Number of Employees:

1988	48,000	1985	72,810
1987	50,000	1984	74,970
1986	49,661		

Sales & Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1988	$ 5,175,000	$ 476,151
1987	4,727,000	352,640
1986	4,938,000	(2,017,591)
1985	6,019,000	351,036
1984	5,636,000	1,182,073

	No. of Com. Shares †	Earn. per Share ‡ †
1988	264,199,000	$ 1.80
1987	277,065,000	1.27
1986	287,387,000	—
1985	298,872,000	1.17
1984	288,580,000	4.10

(Loss)
+ Includes services and other income; of continuing operations only.
‡ Including extraordinary gains of $22,287,000 ($0.08 per share) in 1988 and $70,080,000 ($0.25 per share) in 1987.
† Based on the average number of common shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Oilfield services	$ 2,721,000	$ 2,306,000
Measurement & control	2,204,000	2,096,000
Interest and other income	250,000	325,000
Total	$ 5,175,000	$ 4,727,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.20	—	—
1987	1.20	—	
1986	1.20	—	—
1985	1.20	—	—
1984	1.12	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 2,755,018	$ 10.43
1987	3,835,884	13.84
1986	4,123,271	14.35
1985	6,877,308	23.01
1984	6,992,202	24.23

‡ Based on the average number of common shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales & services	$ 4,924,522	$ 4,401,993
Other income	250,850	325,026
Total income	$ 5,175,372	$ 4,727,019
Cost of sales & service	3,528,114	3,258,242
Expenses	930,144	906,785
Interest expense	128,602	165,654
Nonrecurring charges	—	(222,200)
Income bef. taxes	$ 588,512	$ 618,538
Income taxes	134,648	115,978
Inc.- cont. oper.	$ 453,864	$ 502,560
Loss - discont. oper	—	(220,000)
Net Income	$ 453,864	$ 282,560
Extraord. gain	22,287	70,080
Net Income & extraord. gain	$ 476,151	$ 352,640

* Included in Costs and Expenses, Depreciation and Amortization: $552,162,000 in 1988 and $534,530,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 41,670	$ 57,073
Investments	1,407,446	2,511,506
Receiv., net	1,129,553	1,099,140
Inc. tax refund	—	103,800
*Inventories	583,282	575,941
Other curr. assets	60,614	70,841
Current Assets	$ 3,222,565	$ 4,418,301
Investments & receiv.	449,234	365,054
#Fixed assets	1,616,683	1,670,354
Exc. of invest. over net assets of subsid. purch.	243,242	231,143
Other assets	68,439	56,116
Total Assets	$ 5,600,163	$ 6,740,968

Liabilities
(000's)

Long-term debt, curr.	$ 69,426	$ 25,514
Accts. payable & accruals	1,144,960	1,233,922
Bank loans	633,004	658,396
Dividends payable	71,614	82,032
Income taxes	592,784	657,263
Curr. Liabilities	$ 2,511,788	$ 2,657,127
Long-term debt	191,454	125,283
Other liabilities & reserves	141,903	122,674
+Common stock	432,899	423,816
Retained earnings	4,721,322	4,560,168
Treasury stock	(2,352,563)	(1,146,520)
Trans. adjustment	(46,640)	(1,580)
Total Liabilities & Shareholders' Equity	$ 5,600,163	$ 6,740,968

* At lower of average or standard cost or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.95	—
%Net Income to Sales	9.22	—
%Net Income to Equity	16.47	7.37
Debt to Equity	0.09	0.04
Working Capital	$ 710,777,000	$ 1,761,174,000
Current Ratio	1.28	1.66
Shareholders' Equity	$ 2,755,018,000	$ 3,835,884,000

Scientific-Atlanta, Inc.

One Technology Parkway
P.O. Box 105600
Atlanta, Georgia 30348
(404) 441-4000

Officers: Sidney Topol, chairman of the board; William E. Johnson, vice chairman & chief executive officer; John H. Levergood, president & chief operating officer; Raymond M. Hartnett, sr. v.p., chief financial officer & treasurer; Jules E. Kadish, vice president-international marketing; H. Allen Ecker, vice president-corp. development & technology; J. Lawrence Bradner, vice president & president-Broadband Communications Business Div.; David A. Eggers, v.p., secretary & general counsel; Julian W. Eidson, v.p. & controller; Brian C. Koenig, v.p.-human resources; William Y. O'Connor, v.p. & president-Instrumentation and Network Systems Group; John E. Breyer, v.p.; Margaret W. Jones, asst. secretary.

Directors: Wilbur B. King, Sidney Topol, James V. Napier, Alonzo L. McDonald, John H. Levergood, Wickham Skinner, William E. Johnson, David J. McLaughlin.

Areas of Work: Designs, manufactures and markets commercial electronic signal generating and receiving equipment consisting of a variety of standard and proprietary communications and instrumentation products. Communications products are used in satellite earth stations, cable television receiving and distribution systems, wireless home security systems and energy management systems. Communications products include antennas, recivers, transmitters and related electronic equipment. The Company's instrumentation products are used by a wide range of industrial and military customers to electronically test, measure and help control various equipment and processes. Instrumentation products consist of spectrum analyzers and systems, instruments to test and measure the quality and performance of various types of telecommunications equipment, and antenna test and measurement products. The Government Systems Group manufactures telemetry, electronic warfare, anti-submarine warfare and acoustic communications products and systems for the U.S. and foreign governments.

Subsidiaries:

Digital Video Systems Corp.
Toronto, Canada

Scientific-Atlanta GmbH
Munich, West Germany

Scientific-Atlanta Ltd.
Herts, England

Scientific-Atlanta (Canada), Ltd.
Mississauga, Ontario, Canada

Scientific-Atlanta S.A.
Montesson (Paris), France

Scientific-Atlanta S.p.A.
Rome, Italy

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SFA

Number of Employees:

1988	3,445	1985	4,215
1987	3,800	1984	4,403
1986	4,139		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 508,587,000	$ 29,670,000
1987	495,346,000	24,260,000
1986	469,124,000	(9,212,000)
1985	436,892,000	16,385,000
1984	398,861,000	11,776,000

	No. of Com. Shares	Earn. per Share ‡
1988	23,969,896	$ 1.25
1987	23,449,015	1.04
1986	23,511,742	—
1985	23,280,311	0.71
1984	23,202,058	0.50

(Loss)
‡ Based on the weighted average number of common shares outstanding during each year.

Revenues by Line of Business

	1988	1987
Communications	$ 363,491,000	$ 358,554,000
Instrumentation	96,520,000	91,143,000
Government systems	48,576,000	45,649,000
Total	$ 508,587,000	$ 495,346,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.12	—	—
1987	0.12	—	
1986	0.12	—	—
1985	0.12	—	—
1984	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 237,260,000	$ 7.99
1987	201,603,000	8.60
1986	179,863,000	7.65
1985	188,491,000	8.10
1984	174,067,000	7.50

Income Account *
(000's)

Year ended June 30	1988	1987
Net sales	$ 508,587	$ 495,346
Cost of sales	344,926	355,909
Expenses	118,653	93,303
Prov. for disposal of prod. lines	(2,706)	(4,530)
Other income	(1,420)	(213)
Interest expense	1,279	2,357
Income bef. taxes	$ 47,855	$ 48,520
Income taxes	18,185	24,260
Net Income	$ 29,670	$ 24,260

* Included in Costs and Expenses, Depreciation and Amortization: $13,524,000 in 1988 and $14,224,000 in 1987.

Assets
(000's)

As of June 30	1988	1987
Cash	$ 53,048	$ 22,176
Receivables, net	101,040	113,483
*Inventories	94,972	91,287
Income taxes recov.	7,656	2,461
Current Assets	$ 256,716	$ 229,407
#Fixed assets	42,170	44,992
Intangibles	11,829	8,356
Other assets	5,611	4,795
Total Assets	$ 316,326	$ 287,550

Liabilities
(000's)

Short-term debt & long-term debt, curr.	$ 399	$ 4,062
Accts. payable	17,050	24,238
Accruals	33,971	27,148
Income taxes	—	2,824
Curr. Liabilities	$ 51,420	$ 58,272
Long-term debt	2,884	3,171
Deferred inc. taxes	13,764	15,241
Other liabilities	10,998	9,263
+Common stock	12,043	12,043
Add. paid-in capital	114,894	112,481
Retained earnings	110,368	82.835
Treasury stock	(1,098)	(5,683)
Accum. trans. adjust.	1,053	(73)
Total Liabilities & Shareholders' Equity	$ 316,326	$ 287,550

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.41	9.80
%Net Income to Sales	5.83	4.90
%Net Income to Equity	12.51	12.03
Sales to Inventories	5.36	5.43
Debt to Equity	0.01	0.04
Working Capital	$ 205,296,000	$ 171,135,000
Current Ratio	4.99	3.94
Shareholders' Equity	$ 237,260,000	$ 201,603,000

Scientific Industries, Inc.

Airport International Plaza
70 Orville Drive
Bohemia, New York 11716
(516) 567-4700

Officers: Lowell A. Kleiman, president & treasurer; Cathy Pulver, v.p.; Charles N. Bellm, secretary; Claire McAuliffe, asst. secretary & asst. treasurer.

Directors: Charles N. Bellm, Joseph I. Kesselman, Lowell A. Kleiman, Roger B. Knowles, Arthur M. Bordon.

Areas of Work: Produces scientific instruments and apparatus for laboratory use. Products include liquid mixers, timers, peristaltic pumps, rotators, hospital supply sterilizers, and sterilizer control systems. Also customizes and remanufactures sterilizers and autoclaves for laboratories, pharmaceutical houses, and medical device manufacturers.

Subsidiary:

Scientific Packaging Industries Inc.

Transfer Agent(s):

Continental Stock Transfer & Trust Co.
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SCND (NASDAQ)

Number of Employees:

1988	N.A.	1986	23
1987	25		

N.A. - Not Available.

Plant Footage:

1988	41,287 sq. ft.	1986	41,287
1987	41,287		

Sales & Earnings

	Net Sales	Net Income †
1988	$ 2,173,500	$ 44,100
1987	1,843,000	(70,200)
1986	2,054,600	121,900
1985	1,784,400	(221,000)
1984	1,620,900	(95,600)

	No. of Com. Shares	Earn. per Share † ‡
1988	802,232	$ 0.05
1987	802,232	—
1986	802,232	0.16
1985	754,232	—
1984	754,232	—

(Loss)
† Including extraordinary gains of $8,100 ($0.01 per share) in 1988 and $2,600 in 1986.
‡ Based on the weighted average number of shares outstanding.

Revenues by Line of Business

	1988	1987	1986	1985
Laboratory equipment	78 %	75 %	68 %	60 %
Sterilizers, autoclaves and similar devices	22	25	32	40
Total	100 %	100 %	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 550,300	$ 0.69
1987	506,200	0.63
1986	576,400	0.72
1985	414,500	0.55
1984	635,500	0.84

Income Account *

Year ended June 30	1988	1987
Net sales	$ 2,173,500	$ 1,843,000
Cost of sales	1,415,400	1,270,700
Expenses	741,100	708,400
Interest income	—	(700)
Interest expense	5,600	7,700
Other income	(33,600)	(72,900)
Inc. (loss) bef. taxes	$ 45,000	$ (70,200)
Income taxes	9,000	—
Net Income (Loss)	$ 36,000	$ (70,200)
Extraord. gain	8,100	—
Net Income (Loss) & extraord. gain	$ 44,100	$ (70,200)

* Included in Costs and Expenses, Depreciation and Amortization: $26,900 in 1988 and $23,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 42,900	$ 36,800
Accts. receiv., net	203,300	140,600
Costs in exc. of billings	2,800	72,700
*Inventories	446,300	434,500
Prepaid expenses	46,000	35,800
Current Assets	$ 741,300	$ 720,400
#Fixed assets	53,700	68,400
Other assets	22,400	24,100
Total Assets	$ 817,400	$ 812,900

Liabilities

	1988	1987
Bank notes	$ 50,000	$ 50,000
Loan payable	25,000	—
Accts. payable	124,600	162,900
Accrued expenses	47,200	52,400
Billings in exc. of costs	—	24,800
Customer advances	20,300	16,600
Curr. Liabilities	$ 267,100	$ 306,700
+Common stock	41,100	41,100
Add. paid-in capital	835,100	835,100
Deficit	(273,500)	(317,600)
Treasury stock	(52,400)	(52,400)
Total Liabilities & Shareholders' Equity	$ 817,400	$ 812,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	2.07	—
%Net Income to Sales	1.66	—
%Net Income to Equity	6.54	—
Sales to Inventories	4.87	4.24
Debt to Equity	0.14	0.10
Working Capital	$ 474,200	$ 413,700
Current Ratio	2.78	2.35
Shareholders' Equity	$ 550,300	$ 506,200

Scintrex Limited

222 Snidercroft Road
Concord, Ontario L4K 1B5 Canada
(416) 669-2280

Officers: Harold O. Seigel, president; Gerald Stork, sr. v.p.; Jon G. Baird, sr. v.p.; Anthony W. Howland-Rose, v.p.; Alfred J. Shaul, secretary.

Directors: Harold O. Seigel, Alfred J. Shaul, Gerald Stork, Harold I. Schiff, W. Denis Whitaker, Anthony W. Howland-Rose, Marilyn M. Seigel, John Patrick Sheridan, Barnett J. Danson, Allan I. Carswell.

Areas of Work: A high technology company engaged in the research, design and manufacture of geophysical and geochemical exploration instrumentation, analytical instruments, including a portable bomb sniffer, nuclear reactor monitoring devices, defense-related equipment and other scientific products.

Subsidiaries:

Scintrex, Inc.
9200 East Mineral Avenue
Englewood, Colorado 80112
(303) 790-2902

Scintrex Pty. Ltd.
1031 Wellington Street
West Perth 6005 Australia
321-6934

6 Tramore Place
Killarney Heights, N.S.W. 2087, Australia
451-5367

Transfer Agent(s):

The Royal Trust Company

Stock Exchange(s): Toronto

Ticker Symbol: SCT

Number of Employees:

1988	175	1985	220
1987	200	1984	215
1986	200		

Plant Footage:

1988	70,000 sq. ft.	1985	72,000
1987	70,000	1984	46,000
1986	75,000		

Sales & Earnings

	Revenues	Net Income
1988	$ 12,222,000	$ (630,000)
1987	11,264,000	(1,153,000)
1986*	10,900,000	464,000
1985	18,211,000	1,342,000
1984	10,534,000	286,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	1,851,728	$ —
1987	1,910,706	—
1986*	1,468,470	0.30
1985	1,095,569	1.21
1984	1,082,165	0.25

(Loss)
* 11 months.
‡ Based on the weighted average number of common shares outstanding.

Revenues by Line of Business

	1988	1987
Instrumentation	$ 11,488,000	$ 10,694,000
Exploration services	734,000	570,000
Total	$ 12,222,000	$ 11,264,000

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1988	$ 15,436,000	$ 8.34
1987	16,348,000	8.56
1986	17,769,000	12.10
1985	8,719,000	7.96
1984	7,338,000	6.78

‡ After allowing for preferred stock at par value.
† Based on the weighted average number of common shares outstanding.

Income Account

Year ended Dec. 31	1988	1987
Revenues	$ 12,222,000	$ 11,264,000
Cost of sales & expenses	11,484,000	10,409,000
Expenses	1,261,000	1,337,000
Depreciation	644,000	590,000
Product discontinuance	—	927,000
Interest income	(536,000)	(677,000)
Profit from sale of invest.	—	(52,000)
Share of income of Unisearch	(34,000)	(86,000)
Loss before taxes	$ (597,000)	$ (1,184,000)
Income taxes (credit)	33,000	(31,000)
Net Loss	$ (630,000)	$ (1,153,000)

Assets

As of Dec. 31	1988	1987
Cash	$ 4,398,000	$ 7,026,000
Accts. receiv., net	2,624,000	2,901,000
*Inventories	4,987,000	3,849,000
Prepaid expenses	50,000	27,000
Current Assets	$ 12,059,000	$ 13,803,000
#Fixed assets	4,548,000	4,347,000
Other assets	1,472,000	938,000
Total assets	$ 18,079,000	$ 19,088,000

Liabilities

	1988	1987
Accts. payable	$ 1,569,000	$ 1,896,000
Customer deposits	535,000	307,000
Income taxes	13,000	11,000
Curr. Liabilities	$ 2,117,000	$ 2,214,000
Deferred inc. taxes	198,000	198,000
+Preferred stock	328,000	328,000
++Common stock	11,644,000	11,992,000
Retained earnings	3,932,000	4,571,000
For exch. trans.	(140,000)	(215,000)
Total Liabilities Shareholders' Equity	$ 18,079,000	$ 19,088,000

* At lower of cost (FIFO) and net relizable value.
# Less accumulated depreciation.
+ $1 par value.
++ No par value.

Statistical Summary

	1988	1987
Working Capital	$ 9,942,000	$ 11,589,000
Current Ratio	5.70	6.23
Shareholders' Equity	$ 15,764,000	$ 16,676,000

Seagate Technology

920 Disc Drive
Scotts Valley, California 95066
(408) 438-6550

Officers: Alan F. Shugart, chairman & chief exec. officer; David T. Mitchell, president & chief operating officer; Douglas K. Mahon, exec. v.p. & chief technical officer; Donald L. Waite, sr. v.p., chief financial officer & secretary; Robert Dunlop, sr. v.p.; Gary Allison, sr. v.p.-worldwide sales and marketing; Joe Chen, v.p.-engineering, Far East operations; Sanjoy Ghose, v.p.-product development; Gunter Heine, v.p.-Motor Division; James O. Jacques, v.p.-product development; Thomas W. Maher, v.p. & gen. mgr.-Seagate Magnetics; Robert E. Martell, v.p.-distribution sales; Anthony L. Perlick, v.p.-technical support; Robert A. Sandie, v.p.-domestic operations; Frederick B. Schudel, v.p.-Far East enginering; Ronald D. Verdoorn, Calvin L. Reed, v.p.; Sing G. Tien, v.p.-Far East manufacturing; Thomas R. Dillon, v.p.-corp. materials; Stephen B. Greenspan, v.p.-process development; LaMar S. Leishman, v.p.-manufacturing systems integration; Dean W. Personne, v.p.-domestic manufacturing; James G. Watson, v.p.-OEM sales; Ronald E. Brown, v.p.; David A. Drennan, v.p.; Clifford D. Edey, v.p.; John T. Haughey, v.p.; H. Lee Peterson, v.p.; Charles H. Smith, v.p..

Directors: Alan F. Shugart, chairman; Gary B. Filler, Kenneth Haughton, Robert A. Kleist, David T. Mitchell, Thomas P. Stafford, Douglas K. Mahon.

Areas of Work: Designs, manufactures and markets a line of rigid magnetic disc drives and related products for use in small computer systems.

Divisions:

Motor Division

Disc Drive Division

Subsidiary:

Seagate Magnetics
Fremont, California
Produces sputtered thin-film media.

Seagate Substrates
Anaheim, California
A supplier of finished aluminum substrates.

Seagate Microelectronics
Livingston, Scotland
Designs and manufactures custom power semiconductors, which are used for motor control in disc drives.

Transfer Agent(s):

Bank of America
National Trust and Savings Association
San Fracisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SGAT (NASDAQ)

Number of Employees:

1988	30,000	1986	8,900
1987	16,000		

Plant Footage:

1988	1,537,890 sq. ft.	1986	635,300
1987	927,700		

Sales & Earnings

	Net Sales	Net Income
1988	$ 1,265,966,000	$ 77,317,000
1987	958,065,000	139,741,000
1986	459,836,000	34,536,000
1985	214,836,000	1,045,000
1984	343,903,000	39,377,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	50,187,000	$ 1.54
1987	49,772,000	2.81
1986	48,182,000	0.72
1985	47,346,000	0.02
1984	46,630,000	0.84

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 436,355,000	$ 8.69
1987	353,964,000	7.11
1986	208,417,000	4.33
1985	172,108,000	3.64
1984	170,237,000	3.65

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended June 30	1988	1987
Net sales	$ 1,265,966	$ 958,065
Cost of sales	1,031,202	684,914
Products develop.	50,085	33,550
Mkt. & adm. expenses	84,279	58,947
Interest expense	19,990	5,029
Interest income	(19,028)	(9,715)
Other expense (income)	421	(321)
Income before taxes	$ 99,017	$ 185,711
Income taxes	21,700	45,970
Net Income	$ 77,317	$ 139,741

* Included in Costs and Expenses, Depreciation and Amortization: $50,966,000 in 1988 and $27,701,000 in 1987.

Assets
(000's)

As of June 30	1988	1987
Cash	$ 92,588	$ 395,651
Accts. receiv., net	201,803	103,909
*Inventories	365,643	135,871
Other curr. assets	24,772	11,387
Current Assets	$ 684,806	$ 646,818
#Fixed assets	399,062	162,039
Other assets	10,086	5,267
Total Assets	$ 1,093,954	$ 814,124

Liabilities
(000's)

	1988	1987
Long-term debt & cap. lease oblig., curr.	$ 1,597	$ 602
Accts. payable	203,820	64,103
Accrued compensation	20,973	13,493
Other accruals	54,035	25,546
Income taxes	7,769	4,916
Curr. Liabilities	$ 288,194	$ 108,660
Long-term debt	304,392	301,841
Deferred inc. taxes	65,013	49,659
+ Common stock	491	481
Add paid-in capital	122,823	117,766
Notes receiv. from shareholders	—	(7)
Retained earnings	313,041	235,726
Total Liabilities & Shareholders' Equity	$ 1,093,954	$ 814,126

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.82	19.38
%Net Income to Sales	6.11	14.59
%Net Income to Equity	17.72	39.48
Sales to Inventories	3.46	7.05
Debt to Equity	0.70	0.85
Working Capital	$ 396,612,000	$ 538,158,000
Current Ratio	2.38	5.95
Shareholders' Equity	$ 436,355,000	$ 353,964,000

Semicon, Inc.

11 North Avenue
Burlington, Massachusetts 01803
(617) 272-9015

Officers: Robert E. House, chairman of the board; Harold W. Mahar, Jr., president & chief executive officer; Richard C. Allard, treasurer & v.p.-finance; James P. Ambrose, president-Semicon Components, Inc..

Directors: Robert E. House, chairman; Charles T. Russell, Jr., Mary E. Weber, Bruce W. Everitt, Harold W. Mahar, Jr., Douglas P. Smith.

Areas of Work: Engaged in the manufacture and sale of semiconductor devices such as zener diodes, high voltage diodes and rectifiers, primarily to the television, industrial, commercial, telephone, military, computer and automotive industries.

Divisions and Subsidiaries:

Semicon Components, Inc.
10 North Avenue
Burlington, Massachusetts 01803
(617) 272-9015

Semicon Ventures, Inc.
Burlington, Massachusetts
(617) 229-6290

Semetex Corp. (16% interest)
Torrance, California
Research and development of semiconductors.

Transfer Agent(s):

Continental Stock Transfer and Trust Co. (common stock)
72 Reade Street
New York, New York 10007

Fleet National Bank
(convertible debentures)
111 Westminster Street
Providence, Rhode Island 02903

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988 215
1987 245
1986 638
1985 625
1984 781

Plant Footage:

1988 .... 60,000 sq. ft.
1987 .... N.A.
1986 350,000
1985 350,000
1984 193,000

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 15,665,000	$ (581,000)
1987	12,476,000	(11,348,000)
1986	13,104,000	(598,000)
1985	16,946,000	2,753,000
1984	N.A.	3,015,000

	No. of Com. Shares #	Earn. per Share #
1988	2,837,000	$ —
1987	2,839,000	—
1986	2,842,000	—
1985	3,541,000	0.89
1984	3,567,000	0.97

(Loss)
N.A. - Not Available.
+ Of continuing operations only.
# Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ (1,486,000)	$ —
1987	(945,000)	—
1986	10,753,000	3.79
1985	11,396,000	4.01
1984	9,033,000	3.13

(Deficiency)

Income Account *

Year ended June 30	1988	1987
Net sales	$ 15,665,000	$ 12,476,000
Other income	93,000	825,000
Total income	$ 15,758,000	$ 13,301,000
Cost of sales	11,552,000	10,550,000
Expenses	3,702,000	3,265,000
Interest & debt expense	1,085,000	1,042,000
Loss before taxes	$ (581,000)	$ (1,556,000)
Tax credit	—	(335,000)
Loss - cont. oper.	$ (581,000)	$ (1,221,000)
Loss - discont. oper.	—	(10,127,000)
Net Loss	$ (581,000)	$ (11,348,000)

* Included in Costs and Expenses, Depreciation and Amortization: $707,000 in 1988 and $700,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 2,063,000	$ 143,000
Accts. receiv., net	1,880,000	1,890,000
Refundable income taxes	—	1,019,000
*Inventories	2,894,000	3,267,000
Other curr. assets	229,000	70,000
Current assets	$ 7,066,000	$ 6,389,000
#Fixed assets	2,881,000	3,644,000
Other assets	771,000	2,035,000
Total Assets	$ 10,718,000	$ 12,068,000

Liabilities

	1988	1987
Notes payable	$ —	$ 1,050,000
Long-term debt. curr.	1,037,000	8,081,000
Accts. payable	2,543,000	1,820,000
Accrued payroll	322,000	415,000
Accrued interest	357,000	370,000
Net liab. of discont. oper.	189,000	895,000
Curr. Liabilities	$ 4,448,000	$ 12,631,000
Long-term debt	6,330,000	—
Net liab. of discont. oper.	731,000	—
Retiree def. comp. oblig.	695,000	382,000
+ Common stock	781,000	781,000
Add. paid-in capital	919,000	1,101,000
Retained earnings (deficit)	(1,266,000)	(685,000)
Treasury stock	(1,920,000)	(2,142,000)
Total Liabilities & Shareholders' Equity	$ 10,718,000	$ 12,068,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

Sales to Inventories	5.41	3.82
Working Capital	$ 2,681,000	—
Current Ratio	1.59	—
Shareholders' Equity (Deficiency)	$ (1,486,000)	$ (945,000)

Semtech Corporation

652 Mitchell Road
Newbury Park, California 91320
(805) 498-2111

Officers: John D. Poe, president, chief exec. officer; Steven M. Otterbeck, v.p., chief financial officer, secretary & treasurer; Raymond E. Bregar, vice president; Tom Lewis, vice president; John G. Pennant-Jones, Gisela Auchter, asst. secretary.

Directors: John D. Poe, Judith R. Nelson, James R. Berrett, Rock N. Hankin.

Areas of Work: Manufactures silicon rectifiers, rectifier assemblies, high-voltage monolithic capacitors and related devices which are used mainly to convert alternating current into direct current. These products are also used in electrical circuits to limit or regulate voltage or to protect other devices or systems by absorbing or diverting electrical energy.

Subsidiary:

Semtech Ltd.
Newark Road South
Eastfield
Glenrothes, Fife KY74NS, Scotland

Acquisition:

Polycore Electronics, Inc.
1107 Tourmaline Drive
Newbury Park, California 91320
Engaged in the fabrication of silicon wafers.

Transfer Agent(s):

First Interstate Bank
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): American

Ticker Symbol: SMH

N.A. -- Not Available.

Sales & Earnings

	Net Sales	Net Income †
1989	$ 19,130,000	$ 1,681,000
1988	15,612,000	1,059,000
1987	11,924,000	179,000
1986	12,956,000	(865,000)
1985	10,949,000	(3,971,000)

	No. of Com. Shares		Earn. per Share † ‡
1989	3,224,696	$	0.54
1988	2,891,416		0.38
1987	2,465,790		0.08
1986	1,831,490		—
1985	1,831,490		—

(Loss)
† Including extraordinary gain of $442,000 ($0.16 per share) in 1988.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

		Total Equity		Equity Per Share
1989	$	9,186,000	$	2.85
1988		7,292,000		2.52
1987		5,731,000		2.32
1986		4,890,000		2.67
1985		5,625,000		3.07

Income Account *

Year ended Jan. 31		1989		1988
Net sales	$	19,130,000	$	15,612,000
Cost of sales		11,712,000		9,555,000
Expenses:				
Sell., gen. & adm.		4,845,000		4,520,000
Prod. develop. & eng.		432,000		369,000
Interest & other exp.		201,000		42,000
Income before taxes	$	1,940,000	$	1,126,000
Income taxes		289,000		509,000
Net Income	$	1,651,000	$	617,000
Extraord. gain		—		442,000
Cum. effect of acct. change		30,000		—
Net Income & extraord. gain	$	1,681,000	$	1,059,000

* Included in Costs and Expenses, Depreciation and Amortization: $802,000 in 1989 and $580,000 in 1988.

Assets

As of Jan. 31		1989		1988
Cash	$	1,724,000	$	2,499,000
Receiv., net		2,883,000		2,671,000
Refund inc. taxes		43,000		42,000
*Inventories		4,357,000		3,413,000
Prepaid expenses		86,000		124,000
Current Assets	$	9,093,000	$	8,749,000
#Fixed assets		4,730,000		2,910,000
Other assets		718,000		792,000
Total Assets	$	14,541,000	$	12,451,000

Liabilities

Long-term debt, curr.	$	351,000	$	139,000
Accts. payable		610,000		603,000
Accruals		1,021,000		1,342,000
Income taxes payable		233,000		167,000
Curr. Liabilities	$	2,215,000	$	2,251,000
Cap. lease oblig.		3,048,000		2,773,000
Deferred inc. taxes		92,000		135,000
+Common stock		47,000		44,000
Add. paid-in capital		6,504,000		6,273,000
Retained earnings		2,709,000		1,028,000
Currency transl. adj.		(74,000)		(53,000)
Total Liabilities & Shareholders' Equity	$	14,541,000	$	12,451,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales		10.14		7.21
%Net Income to Sales		8.63		3.95
%Net Income to Equity		17.97		8.46
Sales to Inventories		4.39		4.57
Debt to Equity		0.37		0.40
Working Capital	$	6,878,000	$	6,498,000
Current Ratio		4.11		3.89
Shareholders' Equity	$	9,186,000	$	7,292,000

Sensormatic Electronics Corporation

500 N.W. 12th Avenue
Deerfield Beach, Florida 33442
(305) 427-9700

Officers: Ronald G. Assaf, chairman of the board, president & chief executive officer; James E. Lineberger, chairman of the executive committee; Michael E. Pardue, exec. v.p. & chief operating officer; William G. Weider, v.p.-customer service; Olin S. Giles, v.p.-engineering; Dennis C. Gillette, sr. v.p.; John Daut, v.p.-operations; Anthony G. Guiliano, v.p.-industrial sales; Lawrence J. Simmons, v.p.-finance; Albert R. Tate, Jr., v.p.-sales, West; Miguel A. Flores, treasurer & secretary; Henry Wurtele, v.p.-sales, East; Gerd Witter, pres.-Senelco Europe.

Directors: Ronald G. Assaf, chairman; James E. Lineberger, Arthur G. Milnes, Jerome M. LeWine, Arthur S. Nicholas.

Areas of Work: Primarily engaged in the business of manufacturing, marketing and servicing electronic article surveillance (EAS) systems and microprocessor-controlled closed-circuit television systems which are used to deter shoplifting and internal theft in retail stores as well as other security applications.

Subsidiaries:

Senelco France S.A.
Rungis, France

Senelco (Benelux) S.A.
Pastoor Cooremansstraat 3
1720 Groot Bijgaarden, Belgium

Senelco Austria
Handelszentrum 257
5101 Salzburg - Bergheim, Austria

Senelco Italia S.r.l.
Andrea Doria, 28sto 15
I-20124 Milan, Italy

Sensormatic Electronics Corp. (Puerto Rico)
Pridco T-1236
State Road No. 125
Moca 00716 Puerto Rico

Senelco Netherlands B.V.
Sterrebaan 4
3606 E B Maarsen, Netherlands

Senelco Iberia S.A.
Marques de Monistrol 7
28011 Madrid, Spain

Senelco A.G.
Gewerbestrasse 8
P.O. Box 458
6330 Chom, Switzerland

Senelco GmbH
Broichhofstr, 5
4030 Ratingen 1/Dusseldorf, West Germany

Senelco Limited (51% interest)
Dormey House, Upton Road
Slough, Berkshire, England, SL1 2AD
Distributes the Company's products in the U.K., Australia and New Zealand

Senelco Pty. Ltd.
PO Box 718
Neutral Bay 2089
New South Wales, Australia

Senelco (Hong Kong) Ltd.
Suite 1204, Shanghai Industrial Investment Bldg.
48-62 Hennesey Road
Hong Kong

Senelco (N.Z.) Ltd.
P.O. Box 37-700
Parnell, Auckland, New Zealand

Senelco (Pty) Ltd.
Room 16, Centro City
11 Trump Street
Selby 2001, Johannesburg, Republic of South Africa

Identitech Corporation
500 N.W. 12th Avenue
Deerfield Beach, Florida 33442
Formed to manufacture an advanced anti-theft electronic article surveillance product line for the protection of hard goods merchandise in retail and other markets.

CheckRobot Inc. (39% interest)
Engaged in the development of an automated self-checkout system for use primarily in supermarkets.

Datavision, Inc. (64% interest)
160 S.W. 12th Avenue
Suite 101
Deerfield Beach, Florida, 33442
Provides integrated security systems for multi-family residences, single-family residential communities and commercial centers through its proprietary microprocessor-based security monitoring system.

Acquisition:

Point of Sale Data Products, Inc.
9515 Harborview Drive N.W.
Gig Harbor, Washington 98335-0058
Distributes point-of-sale scanning devices and specializes in the supply of systems which are custom-interfaced to the customers' point-of-sale applications.

Transfer Agent(s):

First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SNSR (NASDAQ)

Number of Employees:

1988	1,030	1985	1,157
1987	939	1984	1,199
1986	1,046		

Sales & Earnings

		Revenues		Net Income
1988	$	122,883,000	$	(17,710,000)
1987		95,294,000		13,754,000
1986		81,892,000		(4,308,000)
1985		82,695,000		7,482,000
1984		84,674,000		18,215,000

	No. of Com. Share		Earn. per Share‡
1988	27,605,000	$	—
1987	28,262,000		0.48
1986	27,982,000		—
1985	27,868,000		0.27
1984	27,757,000		0.65

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	0.050	—	
1987	0.050	—	—
1986	0.050	—	—
1985	0.075	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 179,907,000	$ 6.52
1987	203,282,000	7.19
1986	187,188,000	6.69
1985	189,925,000	6.82
1984	185,561,000	6.69

Income Account

Year ended May 31	1988	1987
Revenues	$ 122,883,000	$ 95,294,000
Cost of sales	49,706,000	37,532,000
Expenses	49,326,000	41,189,000
Depreciation	3,941,000	4,724,000
Other oper. exp.	1,257,000	297,000
Int. income	(6,768,000)	(11,331,000)
Int. expense	723,000	1,449,000
Other expense (income)	254,000	(953,000)
Income bef. taxes	$ 24,444,000	$ 22,387,000
Income taxes	5,800,000	7,500,000
Write-down of invest.	32,140,000	—
Eq. in loss of affil.	4,214,000	1,133,000
Net Income (Loss)	$ (17,710,000)	$ 13,754,000

Assets

As of May 31	1988	1987
Cash	$ 67,406,000	$ 88,959,000
Accts. receiv, net	68,533,000	55,690,000
#Fixed assets:		
Revenue equip.	41,747,000	34,325,000
Other	16,179,000	15,051,000
Investments	23,511,000	45,114,000
Deferred charges & other assets	9,554,000	7,956,000
Total Assets	$ 226,930,000	$ 247,095,000

Liabilities

	1988	1987
Notes payable	$ 6,510,000	$ 9,508,000
Accts. payable	5,494,000	4,664,000
Accruals	20,489,000	14,941,000
Income taxes	9,100,000	9,800,000
Deferred income taxes	5,430,000	4,900,000
+Common stock	284,000	283,000
Add. paid-in capital	123,476,000	122,057,000
Retained earnings	67,174,000	86,271,000
Treasury stock	(6,953,000)	—
Foreign curr. trans.	2,566,000	1,242,000
Notes receiv. - stock sale	(6,640,000)	(6,571,000)
Total Liabilities & Shareholders' Equity	$ 226,930,000	$ 247,095,000

# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Revenues	19.89	23.49
%Net Income to Revenues	—	14.43
%Net Income to Equity	—	6.77
Debt to Equity	0.04	0.05
Shareholders' Equity	$ 179,907,000	$ 203,282,000

Sequa Corporation

(formerly Sun Chemical Corporation)

200 Park Avenue
New York, New York 10166
(212) 986-5500

Officers: Norman E. Alexander, chairman of the board & chief exec. officer; Robert E. Davis, president & chief operating officer; Stuart Z. Krinsly, sr. exec. v.p. & general counsel; Gerald S. Gutterman, exec. v.p.-finance & administration; William H. Borten, sr. v.p.-Atlantic Research operations; Harry Brill-Edwards, sr. v.p.-gas turbine operations; Dennis M. Libutti, sr. v.p.-machinery & metal coatings; Martin Weinstein, sr. v.p.-gas turbine operations; Ronald H. Wright, sr. v.p.-Kollsman; Monroe Adlman, v.p.-taxes; Joseph C. Allwarden, v.p.-Kollsman Avionics; Donald S. Bunin, v.p.-engineering & environment; Kenneth A. Drucker, v.p. & treasurer; William P. Ksiazek, v.p. & controller; Linda G. Kyriakou, v.p.-corp. communications; William E. Morris, v.p.; David J. O'Brien, v.p.-financial services; John J. Quicke, v.p.-financial projects; Stanley W. Rosen, v.p.-industrial relations & personnel; Richard P. Schneider, v.p.-corp. development; Jenny Kade, asst. treasurer; Leonard S. Rodin, asst. treasurer; Stanley L. Waldbaum, asst. secretary.

Directors: Norman E. Alexander, chairman; Robert E. Davis, Alvin Dworman, A. Leon Fergenson, Raymond Frankel, David S. Gottesman, Stuart Z. Krinsly, Donald D. Kummerfeld, Richard S. LeFrak, Fred R. Sullivan, Gerald Tsai, Jr..

Areas of Work: Manufactures electronic and electro-optical devices for military weapons, including night vision systems and aircraft fighter training units; avionics products including flight deck instruments and automated equipment test sets; medical equipment including automated blood analyzers; rocket motors and propellants for missiles; data analyzers and advanced equipment to test and maintain electronic data distribution systems; electronic products and systems in line with U.S. Government standards; automotive cigarette lighters for cars, trucks and recreational vehicles; high-speed equipment used to form two-piece food and beverage cans and to decorate two-piece cans; pump parts and primary cementing equipment for the petroleum industry; and specialty chemicals. The Company is also engaged in marine transport and metal coating operations.

Divisions and Subsidiaries:

Gas Turbine Group

Chromalloy Gas Turbine Corporation
4430 Director Drive
P.O. Box 200150
San Antonio, Texas 78220
(512) 333-6010

Blaisdell Road
Orangeburg, New York 10962
(914) 359-4700

Kollsman

Kollsman Instrument Company
Daniel Webster Highway Souty
Merrimack, New Hampshire 03054
(603) 889-2500

Kollsman Avionics
Kollsman Military Systems
Kollsman Systems Management

Kollsman Manufacturing Company
10 Columbia Drive
Amherst, New Hampshire 03031
(603) 880-7746

Atlantic Research Corporation
5390 Cherokee Avenue
Alexandria, Virginia 22312
(703) 642-4000

Electronics activities consist of the development and manufacture of data communications test equipment, including data monitors, analyzers, and network control systems, used in the testing, operating and maintenance of data communications networks. Other segments include electromagnetic engineering, propulsion systems for defense applications, and printing services.

Arkansas Propulsion Division
Highland Industrial Park
Building M85 Complex
East Camden, Arkansas 71701
(501) 574-0610

Virginia Propulsion Division
5945 Wellington Road
Gainesville, Virginia 22065
(703) 642-6000

Teleproducts Division
7401 Boston Boulevard
Springfield, Virginia 22153
(703) 644-9000

Tempest Division
5390 Cherokee Avenue
Alexandria, Virginia 22312
(703) 642-4000

ORI Group
1375 Piccard Drive
Rockville, Maryland 20850
(301) 670-2000

ORI, Inc.
1375 Piccard Drive
Rockville, Maryland 20850
(301) 670-2000

ORI/Calulon
2440 Research Boulevard
Rockville, Maryland 20850
(301) 258-5300

ORI/Intercon
2440 Research Boulevard
Rockville, Maryland 20850
(301) 590-0001

Systems & Applied Sciences Corporation
1577 Springhill Road, Suite 600
Vienna, Virginia 22180
(703) 790-3700

Atlantic Research Services Corporation
5390 Cherokee Avenue
Alexandria, Virginia 22312
(703) 642-4312

Machinery and Metal Coatings

Rutherford Machinery Division
401 Central Avenue
East Rutherford, New Jersey 07073
(201) 933-1200

Materials Equipments Graphiques
32-34 rue des Malines
Z.I. Les Malines
91 Lisses-Evry, France
(33-1)64977575

Precoat Metals Division
4301 S. Spring Avenue
St. Louis, Missouri 63116
(314) 352-8000

Special Products Engineering Company
50 Shawmut Road
Canton, Massachusetts 02021
(617) 821-4430

Standun Canforming Systems
2943 East Las Hermanas Street
Rancho Dominguez, California 90221
(213) 537-5230

Transportation

Marine Transportation Group

The Valley Line Company
120 South Central Avenue
St. Louis, Missouri 63015
(314) 889-0100

Sabine Towing and Transportation Co.
7200 Highway 87
Port Arthur, Texas 77642
(409) 962-0201

Specialty Chemicals

Sequa Chemicals, Inc.
One Sequa Drive
Chester, South Carolina 29706
(803) 385-5181

Sequa Plc
147 London Road
Kingston upon Thames
Surrey KT2 6NG, England
(44-1)549-1755

Warwick International Limited
Wortley Moor Road
Leeds LS12 4JE, England
(44-0532)63733

Automotive Parts

Casco Products Corporation
512 Hancock Avenue
Bridgeport, Connecticut 06605
(203) 366-4511

Petroleum

Gemoco Division
202 Industrial Boulevard
Houma, Louisiana 70361
(504) 872-3265

Sturm Machine Company
1305 Main Street
Barboursville, West Virginia 25504
(304) 736-3476

Financial Services

Sequa Capital Corporation
420 Lexington Avenue
New York, New York 10170
(212) 983-4250

SunRise Insurance Limited
Collymore Rock
Bridgetown, Barbados, West Indies
(809) 426-1442

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: SQA A and SQA B

Number of Employees:

1988	16,115*	1985	8,000
1987	16,800	1984	8,300
1986	15,700		

*Continuing operations only.

Plant Footage:

1988	4,783,000 sq. ft.	1987	4,907,000

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 1,712,600	$ 68,600
1987	1,145,500	47,200
1986	376,300	160,100
1985	326,600	4,100
1984	316,900	25,200

	No. of Com. Shares	Earn. per Share #
1988	10,915,000	$ 6.04
1987	10,926,000	3.95
1986	10,827,000	19.90
1985	7,807,374	0.52
1984	7,791,663	3.23

+ Of continuing operations only.
# Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Aerospace	$ 965,000	$ 675,000
Machinery & metal coatings	213,000	170,500
Transportation	136,700	132,500
Specialty chemicals	141,700	99,000
Prof. serv. & other	224,800	55,700
Financial services	31,300	12,800
Total	$ 1,712,500	$ 1,145,500

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	0.48	—	—
1985	0.48	—	—
1984	0.48	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 667,320,000 †	$ 61.14
1987	640,832,000 †	58.65
1986	598,434,000 †	55.27
1985	192,123,000	24.61
1984	178,501,000	22.91

† After allowing for preferred stock at involuntary liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 1,712,552	$ 1,145,467
Cost of revenues	1,287,384	853,744
Expenses	247,789	167,363
Oper. profit	$ 177,379	$ 124,360
Interest expense	63,129	36,834
Interest income	(5,263)	(11,346)
Loss on invest. portfolio	—	21,100
Other expense (income)	(358)	563
Inc. bef. taxes	$ 119,871	$ 77,209
Income taxes	48,327	26,358
Inc.-cont. oper.	$ 71,544	$ 50,851
Loss-discont. oper.	(2,897)	(3,653)
Net Income	$ 68,647	$ 47,198

* Included in Costs and Expenses, Depreciation and Amortization: $74,199,000 in 1988 and $46,048,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 64,174	$ 48,203
Short-term invest.	4,659	39,290
Accts. & notes receiv. net	195,458	246,551
Unbilled receivables	84,438	75,139
*Inventories	250,486	207,081
Assets-discont. oper.	115,589	140,787
Invest. in leasing asset	31,709	12,752
Other curr. assets	39,797	46,224
Curr. Assets	$ 786,310	$ 816,027
Investments	310,244	163,843
#Fixed assets	444,020	407,316
Defer. charges	16,051	15,000
Intangibles	402,462	365,952
Total Assets	$ 1,959,087	$ 1,768,138

Liabilities
(000's)

Bank loans	$ 43,113	$ 49,528
Long-term debt, curr.	37,916	50,352
Accts. payable	140,258	133,011
Income taxes	597	7,658
Accrued expenses	202,313	213,161
Curr. Liabilties	$ 424,197	$ 453,710
Long-term debt	630,767	507,088
Deferred inc. taxes	51,089	35,753
Other liabilities	152,543	97,584
+Preferred stock	797	797
++Common stock	10,915	10,926
Add. paid-in capital	302,929	303,433
Cum. trans. adjust.	4,35229	11,436
Retained earnings	418,317	359,629
Treasury stock	(36,819)	(12,218)
Total Liabilties & Shareholders' Equity	$ 1,959,087	$ 1,768,138

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; $5 cumulative convertible.
++ No par value.

Statistical Summary

%Net Income to Equity	9.80	7.00
Debt to Equity	1.02	0.90
Working Capital	$ 362,113,000	$ 352,317,000
Current Ratio	1.85	1.80
Shareholders' Equity	$ 700,491,000	$ 674,003,000

Servo Corporation of America

(Went private via a leveraged buyout on March 1, 1989.)

111 New South Road
Hicksville, New York 11802
(516) 938-9700

Officers: Henry Blackstone, chairman of the board; Stephen A. Barre, president & chief exec. officer; Louis A. Gallina, sr. v.p.-operations; Walter W. Weeden, Jr., sr. v.p.-transportation products; Edward V. Mollichelli, sr. v.p.-electronic systems; Robert J. Stalzer, sr. v.p.-administration & finance & asst. secretary; Harry P. Bifulco, Jr., sr. v.p.-engineering; John A. Little, sr. v.p.-infrared/electro-optic products; Brian J. Smith, controller; Edgar W. Tappen, Jr., treasurer; William L. Maher, secretary.

Directors: Henry Blackstone, chairman; Stephen A. Barre, Alan J. Strassman, Floyd A. Lyon, Emil N. Block, Jr..

Areas of Work: Engaged in the design and manufacture of infrared/electro-optical components such as infrared detectors; radio frequency systems and components; direction finder systems used in aviation air traffic control operations; meteorological systems; microwave amplifiers, signal generators, devices employed to monitor and locate dangerous axle conditions on moving rail cars; automatic railroad car identification systems.

Subsidiaries:

Servo International, Inc. (FSC)
Hicksville, New York

Applied Research Inc.
160 Dupont
Plainview, New York
(516) 349-7200

Designs and manufactures radio frequency systems and components, comprising telemetry transmitters and receivers, and a wide variety of RF filters, oscillators, attenuators, converters, multicouplers and preamplifiers.

Number of Employees:

1988	270	1986	228
1987	232		

Plant Footage:

1988	134,000 sq. ft.	1986	134,000
1987	134,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 20,401,008	$ (96,356)
1987	16,602,786	456,174
1986	18,266,856	1,133,048
1985	14,980,496	544,872
1984	12,547,151	83,084

	No. of Com. Shares	Earn. per Share ‡
1988	697,112	$ —
1987	697,228	0.62
1986	685,799	1.52
1985	680,571	0.77
1984	665,071	0.12

(Loss)
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 7,289,334	$ 10.46
1987	7,395,265	10.61
1986	6,933,098	10.11
1985	6,141,920	9.02
1984	5,538,479	8.33

Income Account *

Year ended Oct. 31	1988	1987
Net sales	$ 20,401,008	$ 16,602,786
Cost of sales	12,958,995	10,269,707
Expenses	6,999,214	5,915,585
Oper. profit	$ 442,799	$ 417,494
Other income	123,567	147,840
Total	$ 566,366	$ 565,334
Interest expense	276,315	69,160
Merger rel. expenses	709,457	—
Inc. (loss) before taxes	$ (419,406)	$ 496,174
Income taxes (credit)	(323,050)	40,000
Net Income (Loss)	$ (96,356)	$ 456,174

* Included in Costs and Expenses, Depreciation and Amortization: $333,363 in 1988 and $354,820 in 1987.

Assets

As of Oct. 31	1988	1987
Cash and cash equiv.	$ 501,484	$ 1,370,396
Accts. receiv., net	3,760,687	3,127,074
*Inventories	9,477,837	3,843,516
Inc. taxes receivable	566,846	541,116
Prepaid expenses	206,029	220,497
Current Assets	$ 14,512,883	$ 9,102,599
Goodwill	237,368	266,140
#Fixed assets	2,038,928	1,488,062
Other assets	490,333	451,304
Deferred tax benefits	177,108	239,000
Total Assets	$ 17,456,620	$ 11,547,105

Liabilities

Long-term debt, curr.	$ —	$ 3,378
Short-term borrowings	4,300,000	875,000
Accts. payable	2,769,035	1,064,722
Accruals	1,099,912	1,065,639
Customer advances	1,160,383	—
Income taxes payable	37,605	—
Deferred inc. tax liab.	91,403	165,000
Excess amts. receiv. - U.S. gov't. contracts	90,342	90,342
Curr. Liabilities	$ 9,548,680	$ 3,264,081
Cust. advance	—	300,000
Long-term debt	370,856	315,009
Deferred comp.	247,750	272,750
+Common stock	697,112	697,228
Add. paid-in capital	1,221,768	1,192,945
Retained earnings	5,370,454	5,505,092
Total Liabilities & Shareholders' Equity	$ 17,456,620	$ 11,547,105

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.99
%Net Income to Sales	—	2.75
%Net Income to Equity	—	6.17
Sales to Inventories	2.15	4.32
Debt to Equity	0.64	0.16
Working Capital	$ 4,964,203	$ 5,838,518
Current Ratio	1.52	2.79
Shareholders' Equity	$ 7,289,334	$ 7,395,265

SFE Technologies

1501 First Street
San Fernando, California 91340-2793
(818) 361-1176

Officers: Alan D. Rubendall, chairman of the board & chief exec. officer; Jerome J. Jahn, exec. v.p., chief financial officer & secretary; Michael A. Rosenberg, president & chief operating officer; Joseph L. Lucia, v.p.-sales; Robert W. Bronson, v.p.-corp. quality.

Directors: Alan D. Rubendall, chairman; Donald E. Rubendall, Jerome J. Jahn, Michael A. Rosenberg, Oren Lane, Donald E. Butler, Richard H. Green.

Areas of Work: Designs, manufactures and markets passive electronic components, including multi-layer ceramic capacitors and wound-film capacitors, magnetic components and frequency interference filters. The products are used in telecommunications, consumer electronics, data processing, automotive and aerospace applications. The Company also designs and produces circuit assemblies utilizing surface mount technology (SMT).

Divisions:

San Fernando Electric Division
1501 First Street
San Fernando, California 91340
(818) 365-9411

Manufactures multilayer ceramic capacitors and a broad range of EMI/RFI filters.

Subsidiaries:

West-Cap Arizona
2201 East Elvira Road
P.O. Box 11277
Tuscon, Arizona 85706
(602) 294-2646

Produces wound-film capacitors and various magnetic components, including inductors, radio frequency coils, chokes, transformers and various specialty products.

West-Cap Sales International
1501 First Street
San Fernando, California 91340
(818) 365-9411

West-Cap Arizona de Mexico S.A. de C.V.
Nogales, Sonora, Mexico

Orchard Electronics, Inc.
9280 Davidson Highway
Concord, North Carolina 28025
(704) 786-0100

Designs and produces circuit assemblies featuring surface mount technology.

Transfer Agent(s):

Bank of America N.T. & S.A.
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SFEM (NASDAQ)

Number of Employees:

1988	1,150	1985	1,950
1987	1,480	1984	2,900
1986	1,500		

Plant Footage:

1988	280,000 sq. ft.	1985	400,000
1987	313,000	1984	434,000
1986	313,000		

Sales & Earnings

	Net Sales	Net Income †
1988	$ 36,182,000	$ (4,268,000)
1987	39,482,000	(5,666,000)
1986	42,672,000	(15,889,000)
1985	57,024,000	(4,989,000)
1984	65,853,000	3,764,000

	No. of Com. Shares ‡	Earn. per Share ‡ †
1988	6,656,000	$ —
1987	6,604,000	—
1986	6,282,000	—
1985	6,255,000	—
1984	6,362,000	0.59

(Loss)
† Including extraordinary gains of $683,000 in 1988 and $2,620,000 in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	0.10	4%	—
1984	0.10	4%	—

+ Adjusted to reflect stock dividends and stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 17,336,000	$ 2.60
1987	21,311,000	3.23
1986	26,709,000	4.25
1985	41,677,000	6.66
1984	47,990,000	7.54

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Oct. 31	1988	1987
Net sales	$ 36,182,000	$ 39,482,000
Cost of sales	32,861,000	34,308,000
Expenses	6,817,000	8,413,000
Other expense (income)	(405,000)	106,000
Interest expense	1,460,000	1,236,000
Loss on disposal of division	400,000	1,085,000
Net Loss	$ (4,951,000)	$ (5,666,000)

	1988	1987
Extraord. gain.	683,000	—
Net Loss & extraord. gain	$ (4,268,000)	$ (5,666,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,247,000 in 1988 and $3,418,000 in 1987.

Assets

As of Oct. 31	1988	1987
Cash	$ 168,000	$ 139,000
Accts. receiv., net	5,658,000	5,979,000
*Inventories	17,698,000	20,552,00
Prepaid expenses	28,000	36,000
Current Assets	$ 23,552,000	$ 26,706,000
#Fixed assets	15,484,000	19,975,000
Note receivable	2,500,000	—
Other assets	940,000	1,048,000
Total Assets	$ 42,476,000	$ 47,729,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 15,321,000	$ —
Bank loans and other debt	748,000	528,000
Accts. payable	3,494,000	3,473,000
Other accrued expenses	2,729,000	2,056,000
Curr. Liabilities	$ 22,292,000	$ 6,057,000
Long-term debt	504,000	17,586,000
Deferred comp.	77,000	342,000
Deferred royalty income	250,000	250,000
Other liabilities	2,017,000	2,183,000
+ Common stock	6,688,000	6,604,000
Add. paid-in capital	40.268,000	40,217,000
Ret. earnings (deficit)	(28,831,000)	(24,563,000)
Reduc. of stock equity due to debt guarantee	(939,000)	(1,082,000)
For. curr. trans. adj.	150,000	135,000
Total Liabilities & Shareholders' Equity	$ 42,476,000	$ 47,729,000

* At lower of standard cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1988	1987
Sales to Inventories	2.04	1.92
Debt to Equity	0.96	0.85
Working Capital	$ 1,260,000	$ 20,649,000
Current Ratio	1.06	4.41
Shareholders' Equity	$ 17,336,000	$ 21,311,000

Sheldahl, Inc.

1150 Sheldahl Road
P.O. Box 170
Northfield, Minnesota 55057
(507) 663-8000

Officers: James S. Womack, chairman & chief executive officer; James E. Donaghy, president & chief operating officer; James H. Kessler, Jr., v.p.-finance & asst. secretary; Richard J. Slater, sr. v.p.-corporate development; Lyle L. Pavlis, v.p.-Orange County operation; Roger D. Quam, v.p.-marketing & Northfield West operation; Edward L. Lundstrom, v.p.-marketing & Northfield East operation; Gerald E. Magnuson, secretary; Gaylan M. Myran, v.p.-Nashua operation; Beverly M. Brumbaugh, v.p.-human resources; John V. McManus, controller; Eric D. Horning, mgr.-Hoskins Products; Thomas J. Schneiberg, v.p.-sales; Gregory D. Closser, dir.-corp. excellence; Mark A. Ester, mgr.-external relations.

Directors: Gerald E. Magnuson, John P. Robinson, Richard S. Wilcox, James S. Womack, John G. Kassakian, Wesley M. Mader, James E. Donaghy, Kenneth J. Roering.

Areas of Work:

Provides technological services and manufacturing to customer specifications; manufactures electrical materials, flexible circuitry, electronic connectors and terminals. Operations are conducted in the following major areas:

Electronic Materials/Engineered Products

Flexible electronic materials are the "raw materials" from which flexible circuits are made. For the most part, they are laminates of metallic foils - commonly copper - bonded to a variety of dielectric substrates as well as coverlay materials to insulate the complete circuit. Both the electronic materials and coverlays are produced by Sheldahl in industrial size rolls, ready for conversion into flexible circuitry components.

Engineered products include aerostats for telecommunications, a "padeye" systems for transloading ships at sea, helicopter blade liners, special fabrications, tambour covers, splicing tapes, coated products, tapes and laminated, and vacuum metalized materials.

Flexible Circuits/Membrane Switches

Flexible circuits are preassembled "interconnect" products - generally free of defects and adaptable to a constantly growing number of applications. Because they are indeed flexible, they can conform to almost any configuration on multiple planes, while retaining their electrical/electronic function. Typical applications for flex circuits include telephones and communication switching equipment, computer memory storage systems, cameras, hand-held calculators, automobiles and medical instrumentation.

Sheldahl's FLEXSWITCH membrane switches make up the company's newest product line - for the membrane switch keyboard market. In composition, the FLEXSWITCH keyboard consists of a three-layer polyester film sandwich bonded together by means of a special Sheldahl proprietary adhesive. A flexible circuit, an integral part of the membrane switch, provides interconnection. Typical applications for FLEXSWITCH include electronic educational devices, control panels for washers and dryers, medical instrumentation control panels, automotive electronics and plain paper copiers.

Through its Nashua operation, the Company manufactures single-side, double-sided, sculptured, multi-layer, ridig-flex circuitry and assemblies for military and commercial applications.

Operations:

Nashua operation
100 Northeastern Boulevard
Nashua, New Hampshire 03062-1901

Northfield East operation
805 North Highway 3
Northfield, Minnesota 55057-0170

Northfield West operation
1150 Sheldahl Road
Northfield, Minnesota 55057-0170

Orange County operation
15771 Redhill Avenue
Tustin, California 92680-7303

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SHEL (NASDAQ)

Number of Employees:

1988	1,257	1986	700
1987	N.A.		

Plant Footage:

1988	465,000 sq. ft.	1986	405,000
1987	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income ‡
1988	$ 83,885,000	$ 1,020,462
1987	79,878,000	676,738
1986	54,212,000	620,778
1985	53,994,000	2,597,028
1984	43,102,000	3,017,091

	No. of Com. Shares #	Earn. per Share ‡ #
1988	4,665,783	$ 0.22
1987	4,335,586	0.16
1986	4,132,716	0.15
1985	4,347,089	0.60
1984	4,267,678	0.71

+ Of continuing operations only.
‡ Including extraordinary gain of $1,004,000 ($0.21 per share) in 1988.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-2
1986	—	—	
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 25,744,391	$ 5.52
1987	24,579,535	5.67
1986	18,662,111	4.52
1985	20,341,825	4.68
1984	17,287,001	4.05

# Base on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account*

Year ended Aug. 31	1988	1987
Net sales	$ 83,884,573	$ 79,878,191
Cost of sales	67,911,359	61,358,474
Expenses	13,889,113	12,297,528
Interest expense	1,176,639	1,569,839
Income bef. taxes	$ 907,462	$ 4,652,350
Income taxes	363,000	2,187,000
Inc - cont. oper.	$ 544,462	$ 2,465,350
Loss - discont. oper.	(528,000)	(1,788,612)
Net income	$ 16,462	$ 676,738
Extraord. gain	1,004,000	—
Net Income & extraord. gain	$ 1,020,462	$ 676,738

* Included in Costs and Expenses, Depreciation and Amortization: $4,455,145 in 1988 and $4,174,148 in 1987.

Assets

As of Aug. 31	1988	1987
Cash	$ 525,528	$ 833,550
Accts. receiv., net	12,906,293	12,178,766
Tax refund receiv.	1,026,235	645,000
*Inventories	8,495,437	9,325,829
Tax benefits	408,000	540,000
Prepaid exp. & deposits	561,161	598,422
Net assets - discont oper.	2,549,111	2,512,079
Current Assets	$ 26,471,765	$ 26,633,646
# Fixed assets	24,988,235	23,127,607
Notes receiv. & other assets	790,160	475,278
Total Assets	$ 52,250,160	$ 50,236,531

Liabilities

Long-term debt, curr.	$	1,805,996	$	1,772,886
Accts. payable		4,563,142		5,220,721
Accrued payroll		2,629,762		2,456,980
Other accruals		3,557,833		2,762,117
Curr. Liabilities	$	12,556,733	$	12,212,704
Long-term debt		10,995,097		10,538,742
Deferred inc. taxes		2,953,939		2,905,550
+ Common stock		1,167,647		1,159,663
Add. paid-in capital		6,968,018		6,831,608
Retained earnings		17,608,726		16,588,264
Total Liabilites & Shareholders' Equity	$	52,250,160	$	50,236,531

* At lower of cost (LIFO) or market.
# Less accummmulated depreciation.
+ $0.25 par value.

Statistical Summary

% Net Income to Equity		0.06		2.75
Sales to Inventories		9.87		8.57
Debt to Equity		0.50		0.50
Working Capital	$	13,915,032	$	14,420,942
Current Ratio		2.11		2.18
Shareholders' Equity	$	25,744,391	$	24,579,535

SI Handling Systems, Inc.

Kesslerville Road
P.O. Box 70
Easton, Pennsylvania 18042
(215) 252-7321

Officers: L. Jack Bradt, chairman of the board; Leonard S. Yurkovic, president & chief executive officer; E. Jerome Brose, secretary; Richard G. Modery, v.p.-marketing, field operations & sales; James L. Thatcher, v.p.-operations.

Directors: John R. Boehringer, L. Jack Bradt, Karl-Henry Bergkvist, Leonard S. Yurkovic, Thomas P. Latimer.

Areas of Work: Designs, manufactures, sells and installs mechanized and automated material handling and order selection systems under mechanical, electronic and computer control.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SIHS (NASDAQ)

Number of Employees:

1989	152	1986	243
1988	159	1985	238
1987	205		

Plant Footage:

1989	172,000 sq. ft.	1986	172,000
1988	172,000	1985	172,000
1987	172,000		

Sales & Earnings

		Net Sales		Net Income †	No. of Com. Shares		Earn. per Share † ‡
1989	$	21,846,000	$	529,000	1,467,519	$	0.36
1988		21,426,000		(1,278,000)	1,467,519		—
1987		19,280,000		(1,984,000)	1,467,519		—
1986		24,989,000		251,000	1,491,119		0.17
1985*		23,309,000		32,000	1,491,119		0.02

(Loss)
* 53 weeks.
† Including extraordinary gain of $374,000 ($0.25 per share) in 1986 and $657,000 ($0.44 per share) in 1985.
‡ Based on the weighted average number of common shares and common equivalent shares outstanding.

Common Stock

		Cash Dividend	Stock Dividend	Stock Split
1989	$	—	—	—
1988		—	—	
1987		0.05	—	—
1986		0.10	—	—
1985		0.10	—	—

Common Stock Equity

		Total Equity		Equity Per Share ‡
1989	$	5,152,000	$	3.51
1988		4,623,000		3.15
1987		5,943,000		4.05
1986		8,105,000		5.44
1985		7,812,000		5.24

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended		2/26/89		2/28/88
Net sales	$	21,846,000	$	21,426,000
Cost of sales		17,087,000		17,809,000
Expenses		3,893,000		6,173,000
Research & develop.		215,000		365,000
Interest expense		210,000		272,000
Interest income		(162,000)		(147,000)
Other expense (income)		74,000		(1,668,000)
Inc. (loss) bef. taxes	$	529,000	$	(1,378,000)
Tax credit		—		(100,000)
Net Income (Loss)	$	529,000	$	(1,278,000)

* Included in Costs and Expenses, Depreciation and Amortization: $527,000 in 1988 and $970,000 in 1987.

Assets

As of		2/26/89		2/28/88
Cash	$	2,863,000	$	1,545,000
Receiv., net		3,559,000		3,449,000
Cost in exc. of billings		1,327,000		1,880,000
*Inventories		2,006,000		2,028,000
Prepaid expenses		229,000		160,000
Current Assets	$	9,984,000	$	9,062,000
# Fixed assets		1,976,000		2,581,000
Note receivable		934,000		830,000
Intangibles & other assets		156,000		225,000
Total Assets	$	13,050,000	$	12,718,000

Liabilities

Long-term debt, curr.	$	503,000	$	581,000
Accts. payable		1,235,000		1,836,000
Cust. deposits		2,684,000		1,115,000
Accrued payroll		469,000		964,000
Income taxes payable		316,000		324,000
Other accruals		1,353,000		1,436,000
Curr. Liabilities	$	6,560,000	$	6,256,000
Long-term debt		1,338,000		1,839,000
+Common stock		1,527,000		1,527,000
Add. paid-in capital		4,353,000		4,353,000
Retained earnings (deficit)		(335,000)		(864,000)
Treasury stock		(393,000)		(393,000)
Total Liabilities & Shareholders' Equity	$	13,050,000	$	12,718,000

* At lower of cost (average) or replacement market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Sales		2.42		—
%Net Income to Equity		10.27		—
Sales to Inventories		10.89		10.57
Debt to Equity		0.36		0.52
Working Capital	$	3,424,000	$	2,806,000
Current Ratio		1.52		1.45
Shareholders' Equity	$	5,152,000	$	4,623,000

Siemens AG

Wittelsbacherplatz 2
D-8000 Munich 2, Federal Republic of Germany
2 34-0

Managing Board: Karlheinz Kaske, president & chief executive officer; Heads of Groups and Corporate Divisions: Hans Baur-Telecommunication Networks and Security Systems Group; Hermann Franz-Electrical Installations and Automotive Systems Group; Hermann R. Franz-Microelectronics; Claus Kessler-Communication and Information Systems Group; Hans-Gerd Neglein-Regions; Hans H. Schlitzberger-Corporate Personnel; Hans Gunter Vogelsang-Energy and Automation Group; Heads of Divisions and Staff Divisions: Gerhard Bornecke-Communication and Information Systems Group manufacturing; Heinz Gumin-liasion with Dr.-Ing. Rudolf Hell GmbH; Erwin Hardt-Telecommunication Networks and Security Systems Group, Public Communication Networks Division, business administration; Eberhard Kill-Energy and Automation Group, Power Divisions; Gerhard Kuhne-Communication and Information Systems Group, business administration; Horst Langer-Energy and Automation Group, Industry Divisions; Werner Poschenrieder-Communication and Information Systems Group, Data Systems Division; Konrad Samberger-Energy and Automation Group, manufacturing and product development; Carl-Heiner Thomas-Energy and Automation Group, business administration; Hans Gunter Danielmeyer-Corporate Research and Development; Hans Hirschmann, KWU; Wolfgang Keller, KWU; Max Ludewig, KWU; Matthias Thorn, KWU; Werner Trassl, KWU.

Supervisory Board: Ernst von Siemens, honorary chairman; Heribald Narger, chairman; Rudolf Mooshammer, Wolfgang Schieren, deputy chairmen; Alfred Bock, Rolf Diel, Eberhard Fehrmann, Alfons Graf, Hebert Grunewald, Maximilian Hackl, Heinz Hawreliuk, Ralf Heckmann, Hilmar Kopper, Detlef Kreyenberg, Reimar Lust, Franz Rehm, Helmut Reithmeier, Alexander von Seidel, Nikolaus Senn, Dieter Spethmann, Horst Wagner.

Areas of Work: The Company's Components Group manufactures integrated circuits, discrete semiconductors, passive components, electron tubes, and gas lasers. The Energy and Automation Group provides instrumentation and automation products and systems for industry, utilities, transportation and public authorities. The Electrical Installations and Automotive Systems Group manufactures power cables, installation equipment and lighting systems, electricity meters and heating/air conditioning systems, automotive systems, and provides electrical contracting services. The Communication and Information Systems Group manufactures communications terminals, private communications systems and networks, data systems, and laser printers. The Medical Engineering Group provides X-ray systems, cross-sectional imaging systems and therapy, electromedical systems, dental equipment, and hearing instruments. The Telecommunication Networks and Security Systems Group provides public communication networks, safety and security systems, and manufactures optical fiber cables. The Company is also involved in research and development activities.

Subsidiaries (West Germany):

Osram Gmbh
Berlin and Munich
Dr.-Ing. Rudolf Hell GmbH, Kiel
Vacuumschmelze GmbH, Hanau
Reaktor-Brennelement Union GmbH, Hanau
Interatom GmbH, Bergisch Gladbach
Heimann GmbH, Wiesbaden
Rofin-Sinar Laser GmbH, Hamburg
NRG Nuklearrohr-Gesellschaft mbH, Duisburg

United States Subsidiaries:

Siemens Corporation
New York, New York

Siemens Communication Systems, Inc.
Boca Raton, Florida

Siemens Information Systems, Inc.
Boca Raton, Florida

Siemens Energy & Automation, Inc.
Atlanta, Georgia

Siemens Medical Systems, Inc.
Iselin, New Jersey

Siemens Components, Inc.
Iselin, New Jersey

Siemens KWU, Inc.
New York, New York

Siemens-Bendix Automotive Electronics L.P.
Southfield, Michigan

Associated Companies:

Goldstar Telecommunications Co. Ltd.
(20% interest)
Seoul, South Korea

Osram-GEC Ltd.
(49% interest)
Wembley, England

Siecor Corporation
(50%-owned)
Hickory, North Carolina

NOTE: The Siemens share is listed on all eight German Stock exchanges and on seven other European exchanges.

Number of Employees:

1988	353,000	1985	348,000
1987	359,000	1984	328,000
1986	363,000		

Sales & Earnings x

	Revenues (000's)	Net Income (000's)
1988	DM 59,374,000	DM 1,391,000
1987	51,431,000	1,275,000
1986	52,234,000	1,474,000
1985	53,645,000	1,528,000
1984	47,798,000	1,066,000

	No. of Com. Shares	Earn. per Share
1988	48,028,664	DM 28.96
1987	47,678,000	26.74
1986	47,111,013	31.29
1985	46,811,000	32.64

x - Worldwide operations
DM - Deutsche Mark

Revenues by Line of Business
(000's)

	1988	1987
Energy & automation	DM 12,957,700	DM 12,884,000
KWU	12,737,100	7,138,000
Communication & info. syst.	10,510,300	10,334,400
Telecommunication networks & security systems	10,525,400	10,210,900
Medical engineering	5,327,200	5,008,400
Electrical install. & automotive syst.	4,351,400	4,056,600
Components	2,938,500	2,764,600
Lamp business	2,268,500	2,038,000
Other	1,482,400	1,334,000
Intersegment	(3,724,200)	(4,337,600)
Total	DM 59,374,300	DM 51,431,300

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988 11	DM	—	—
1987 11		—	
1986 12		—	—
1985 12		—	—

Shareholders' Equity

	Total Equity (000's)	Equity Per Share
1988	DM 17,634,000	DM367.16
1987	16,305,000	341.98
1986	15,759,000	334.51
1985	14,253,000	304.48
1984	12,695,000	—

Income Account
(000's)

Year ended Sept. 30	1988	1987
Net sales	DM 59,374,300	DM 51,431,300
Change in inventories	(1,417,400)	1,660,200
Other income	2,950,000	3,258,500
Total income	DM 60,906,900	DM 56,350,000
Cost of sales	22,706,900	21,830,500
Expenses	10,020,300	7,195,000
Depreciation & amortization	3,714,600	3,439,300
Personnel costs	23,847,200	22,887,900
Investment income	(45,500)	(10,100)
Interest income	(1,811,700)	(1,591,000)
Income before taxes	DM 2,475,100	DM 2,598,400
Income taxes	1,084,200	1,323,100
Net Income	DM 1,390,900	DM 1,275,300

Assets
(000's)

As of Sept. 30	1988	1987
Cash & cash equivalents	DM 1,528,300	DM 1,300,600
Marketable securities	22,439,800	21,749,100
Accts. receiv., net	9,799,600	9,145,700
Other receivables	5,925,000	5,466,000
Inventories	3,917,200	1,817,400
Prepaid expenses	43,200	42,500
Investments	2,341,200	1,921,400
#Fixed assets	13,599,000	13,419,000
Intangibles	24,000	22,400
Total Assets	DM 59,617,300	DM 54,884,100

Liabilities
(000's)

Accts. payable	DM 4,031,600	DM 3,883,000
Accrued pension plan	10,665,000	9,925,700
Other accruals	17,853,600	15,875,600
Long-term debt	3,904,500	3,526,100
Deferred income	236,200	185,700
Other liabilities	5,292,400	5,182,700
+ Preferred stock	46,200	46,200
+ Common stock	2,401,400	2,383,900
Add. paid-in capital	4,815,200	4,718,500
Retained earnings	9,053,400	7,848,800
Unappropr. consol. net inc.	538,500	534,600
Minority interests	779,300	773,300
Total Liabilities & Shareholders' Equity	DM 59,617,300	DM 54,884,100

# Less accumulated depreciation.
+ DM 50 par value.

Statistical Summary

% Income bef. Taxes to Sales	4.17	5.05
% Net Income to Sales	2.34	2.48
% Net Income to Equity	7.89	7.82
Sales to Inventories	15.16	28.30
Debt to Equity	0.22	0.22
Shareholders' Equity (000's)	DM 17,634,000	DM 16,305,300

Sierracin Corporation

12780 San Fernando Road
Sylmar, California 91342-3796
(818) 362-6802

Officers: Christoph Tribull, chairman of the board, president & chief executive officer; Gary Roberts, sr. v.p.-finance and administration & secretary; Patricia A. Sprouse, gen. counsel & asst. secretary; George A. Nikas, president-Sierracin/Sylmar Division; Errol Roy, president-Harrison Division & Transflex Division; David Mighdoll, president-Magnedyne Division; Erich Schops, v.p.-Marketing, Paris.

Directors: Christoph Tribull, chairman; Walter E. Hinds, Raimon Conlisk, John C. Janneck, Saleem S. Naber.

Areas of Work: Manufactures and markets high-technology transparency products for the aerospace and industrial markets.

Divisions and Subsidiaries:

Transflex Division
Bell, California
(213) 269-9100

Designs and manufactures flexible circuits and sensors, touch panels, composite heaters and anti-icing systems for both commercial and military applications.

Harrison Division
3020 Empire Avenue
Burbank, California 91504
(213) 849-6581

Specializes in the design and manufacture of patented hydraulic components and seals of pneumatic fluid and nuclear power applications.

Magnedyne Division
2258 Rutherford Road
Carlsbad, California 92008
(619) 438-3321

Manufactures precision servo motors and tachometers for aerospace and industrial applications.

Sierracin/Sylmar Corporation

TransTech Division
12780 San Fernando Road
Sylmar, California 91342
(818) 362-6811

Designs and manufactures high-quality composite security glazing systems for the military and industrial markets.

Sylmar Division
12780 San Fernando Road
Sylmar, California 91342
(818) 362-6711
Engaged in the production of transparencies for aircraft.

Intrex Products
Develops and manufactures conductively coated flexible substrates.

Transfer Agent(s):

Bank of America
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: SER

Number of Employees:

1988	950	1985	1,246
1987	950	1984	1,450
1986	875		

Plant Footage:

1988	381,260 sq. ft.	1986	381,260
1987	381,260	1985	487,270

Sales & Earnings

	Net Sales ‡	Net Income #
1988	$ 82,729,000	$ 3,116,000
1987	72,832,000	2,030,000
1986	72,670,000	642,000
1985	61,455,000	(2,718,000)
1984	62,187,000	4,504,000

	No. of Com. Share +	Earn. per Share # +
1988	3,393,000	$ 0.92
1987	3,395,000	0.60
1986	3,388,000	0.19
1985	3,382,000	—
1984	3,553,000	1.27

(Loss)
‡ Includes other income; of continuing operations only.
# Including extraordinary gain of $400,000 ($0.12 per share) in 1988.
+ Based on the average number of shares outstanding.

Revenues by Line of Business

	1988	1987
Aerospace prods.	$ 58,647,000	$ 50,060,000
Industrial/commercial prods.	24,082,000	22,772,000
Total	$ 82,729,000	$ 72,832,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	0.20	—	—
1984	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 20,478,000	$ 6.04
1987	17,373,000	5.12
1986	15,366,000	4.54
1985	14,645,000	4.33
1984	18,466,000	5.20

‡ Based on the average number of shares outstanding.

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 81,601	$ 72,195
Other income	1,128	637
Total income	$ 82,729	$ 72,832
Cost of sales	61,975	52,907
Expenses	16,824	15,348
Interest expense	883	734
Prov. for litig. award	—	763
Income bef. taxes	$ 3,047	$ 3,080
Income taxes (credit)	(69)	1,450
Net Income	$ 3,116	$ 1,630
Extraord. gain	—	400
Net Income & Extraord. gain	$ 3,116	$ 2,030

* Included in Costs and Expenses, Depreciation and Amortization: $2,080,000 in 1988 and $1,930,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cert. of dep.	1,388	214
Notes receivable	388	176
Acct. receiv, net	12,963	12,809
*Inventories	13,291	12,023
Prepaid expenses	2,652	1,559
Current Assets	$ 30,682	$ 26,781
#Fixed assets	10,422	10,770
Other assets	371	1,239
Total Assets	$ 41,475	$ 38,790

Liabilities
(000's)

	1988	1987
Accts. payable	$ 6,363	$ 5,758
Accrued payroll	4,243	3,808
Other accruals	2,535	3,226
Income taxes payable	712	957
Curr. Liabilities	$ 13,853	$ 13,749
Cap. lease oblig.	500	750
Long-term debt	5,852	5,779
Deferred income taxes	258	573
Deferred income	534	566
+Common stock	3,660	3,660
Add. paid-in capital	504	504
Retained earnings	19,416	16,300
Treasury stock	(3,102)	(3,091)
Total Liabilities & Shareholders' Equity	$ 41,475	$ 38,790

* At lower of cost (primary LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.73	4.27
%Net Income to Sales	3.82	2.26
%Net Income to Equity	15.22	9.38
Sales to Inventories	6.14	6.00
Debt to Equity	0.31	0.38
Working Capital	$ 16,829,000	$ 13,032,000
Current Ratio	2.21	1.95
Shareholders' Equity	$ 20,478,000	$ 17,373,000

Silicon General, Inc.

85 West Tasman Drive
San Jose, California 95134
(408) 943-9403

Officers: Q.T. Wiles, chairman of the board; William D. Rasdal, president & chief exec. officer; Paul N. Risinger, exec. v.p.-advanced marketing & technology; Charles C. Thompson, exec. v.p. & gen. mgr.-Semiconductor Division; Robert M. Austin, exec. v.p. & gen. mgr.-Telecom Solutions Division; Robert L. Huebner, exec. v.p. & gen. mgr.-Analog Solution Division; John L. Kehoe, v.p.-finance, chief financial officer & secretary.

Directors: Q.T. Wiles, chairman; William R. Hambrecht, Daniel A. McMillan, III, William D. Rasdal, Allen M. Peterson.

Areas of Work: The Company, including its wholly-owned subsidiaries, manufactures telecommunications equipment for local telephone companies, data conversion subsystems and components, and linear and digital integrated circuits.

Divisions:

Analog Solutions
85 West Tasman Drive
San Jose, California 95134
(408) 433-1900
Produces precision analog signal conversion products and custom DC:DC power conversion products.

Semiconductors
11861 Western Avenue
Garden Grove, California 92641
(714) 898-8121
Designs, manufactures and markets specialized linear circuits and hybrid circuits for the military and industrial market.

Telecom Solutions
85 West Tasman Drive
San Jose, California 95134
(408) 433-0910
Supplies specialized transmission equipment to local telephone companies for subscriber loop applications.

Subsidiary:

Zeltex Puerto Rico, Inc.
Aguada, Puerto Rico
Manufactures and markets a series of electronic assemblies consisting of conversion products and operations amplifiers. Also manufactures digital clock distributors, which it sells to regional Bell operating companies.

Transfer Agent(s):

Manufacturers Hanover Trust Company
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SILN (NASDAQ)

Number of Employees:

1988	541	1985	693
1987	N.A.	1984	402
1986	424		

N.A. - Not Available.

Plant Footage:

1988 .... 176,700 sq. ft.

Sales & Earnings

	Revenues +	Net Income ‡
1988	$ 28,982,000	$ (15,281,000)
1987	23,020,000	1,308,000
1986	20,132,000	(6,619,000)
1985	N.A.	9,612,000
1984	N.A.	9,273,000

	No. of Com. Shares		Earn. per Share ‡ +
1988	12,171,424	$	—
1987	12,169,924		—
1986	12,065,856		—
1985	11,791,644		0.80
1984	11,686,621		0.77

(Loss)
N.A. - Not Available.
+ Of continuing operations only.
‡ Including extraordinary gain of $574,000 ($0.05 per share) in 1987.
+ Based on the average number of shares outstanding.

Common Stock Equity

		Total Equity		Equity Per Share
1988	$	22,222,000	$	1.83
1987		37,497,000		3.08
1986		35,407,000		2.93
1985		41,318,000		3.50
1984		30,847,000		2.64

Income Account *

Year ended		7/3/88		6/28/87
Net sales	$	28,820,000	$	22,488,000
Other income		162,000		532,000
Total income	$	28,982,000	$	23,020,000
Cost of sales		25,071,000		12,290,000
Expenses		12,267,000		8,539,000
Interest expense		1,967,000		2,283,000
Gain on sale of stock		(934,000)		(1,538,000)
Income (loss) bef. taxes	$	(9,389,000)	$	1,446,000
Income taxes (credit)		(285,000)		154,000
Income (loss) - cont. oper.	$	(9,104,000)	$	1,292,000
Loss - discont. oper.		(6,177,000)		(558,000)
Net Income (Loss)	$	(15,281,000)	$	734,000
Extraord. gain		—		574,000
Net Income (Loss) & extraord. gain	$	(15,281,000)	$	1,308,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,254,000 in 1988 and $3,754,000 in 1987.

Assets

Year ended		7/3/88		6/28/87
Cash	$	848,000	$	661,000
Accts. receiv., net		5,988,000		8,123,000
*Inventories		8,854,000		18,275,000
Other curr. assets		346,000		912,000
Current Assets	$	16,036,000	$	27,971,000
#Fixed assets		21,097,000		28,796,000
Net assets - discont. oper.		10,496,000		—
Other assets		1,472,000		4,727,000
Total Assets	$	49,101,000	$	61,494,000

Liabilities

Long-term debt, curr.	$	1,787,000	$	1,459,000
Notes payable		4,960,000		6,299,000
Accts. payable		3,673,000		4,201,000
Income taxes payable		—		89,000
Accruals		1,666,000		2,705,000
Note pay. to discont. bus.		1,875,000		—
Curr. Liabilities	$	13,961,000	$	14,753,000
Long-term debt		6,526,000		8,344,000
Note pay. to discont. bus.		5,625,000		—
Deferred inc. taxes		767,000		900,000
+ Common stock		5,550,000		5,544,000
Add. paid-in capital		5,152,000		5,152,000
Retained earnings		11,520,000		26,801,000
Total Liabilities Shareholders' Equity	$	49,101,000	$	61,494,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity		—		1.96
Sales to Inventories		3.26		1.23
Debt to Equity		0.93		0.43
Working Capital	$	2,075,000	$	13,218,000
Current Ratio		1.15		1.90
Shareholders' Equity	$	22,222,000	$	37,497,000

Siliconix Incorporated

(39%-owned by AEG Corporation)

2201 Laurelwood Road
P.O. Box 54951
Santa Clara, California 95054
(408) 988-8000

Officers: Richard E. Lee, chairman, chief exec. officer & president; Peter W. Weber, exec. v.p.; Donald G. Keefe, v.p.-European operations; Bruce G. Burman, v.p.-FET Business Unit; Richard J. Kulle, v.p.-Worldwide manufacturing; King Owyang, v.p.-technology development/engineering; Walter Senges, v.p.-worldwide sales; John F. Crimmins, chief financial officer; Walter Faleschini, secretary.

Directors: Richard E. Lee, chairman; Gunter Ertelt, Frank Maier, Peter W. Weber, Robert L. Wehrli.

Areas of Work: Designs, develops, manufactures and sells discrete devices and integrated circuits which include junction and MOS field-effect transistors (FETs) and digital linear and large-scale integrated circuits. Product application innovations in the areas of switching, multiplexing, interface circuitry, operational and sense amplifiers, phased arrays, signal processing and LSI circuits for the data conversion and telecommunications markets are derivations of advanced components technologies.

Subsidiaries:

Siliconix, (Hong Kong) Limited
61-63 King Yip Street
Fourth Floor, Kwun Tong
Kowloon, Hong Kong

Siliconix (Taiwan) Limited
Nantze Export Processing Zone
Kaohsiung, Taiwann
Republic of China

Siliconix Limited
Morriston
Swansea, Wales SA6 6NE
United Kingdom

Siliconix S.A.R.L.
70-72 Avenue du General de Gaulle
Echat 559
94020 Creteil Cedex, Creteil, France
Nippon Siliconix (50% interest)

Siliconix GmbH
7024 Bernhausen
Postfach 1340
Johannestrasse 27
Filderstadt, West Germany

Transfer Agent(s):

First Interstate Bank
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SILI (NASDAQ)

Number of Employees:

1988 2,662
1987 2,549
1986 2,603
1985 2,587
1984 2,727

Plant Footage:

1988 .... 376,300 sq. ft.
1987 376,300
1986 376,300
1985 312,700
1984 312,700

Sales & Earnings

		Net Sales		Net Income †
1988	$	128,526,000	$	1,630,000
1987		122,528,000		5,025,000
1986		111,185,000		7,364,000
1985		108,022,000		9,059,000
1984		96,305,000		8,408,000

	No. of Com. Shares #		Earn. Per Share †#
1988	12,627,000	$	0.13
1987	12,942,000		0.39
1986	13,338,000		0.55
1985	12,840,000		0.71
1984	12,350,000		0.68

† Including extraordinary gains of $338,000 ($0.03 per share) in 1988 and $1,126,000 ($0.09 per share) in 1987.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	2-for-1

Common Stock Equity

		Total Equity		Equity Per Share ‡
1988	$	76,672,000	$	5.74
1987		65,828,000		5.43
1986		65,721,000		5.14
1985		57,410,000		4.63
1984		46,271,000		3.84

‡ Adjusted to reflect stock split.

Income Account*

Year ended Dec. 31		1988		1987
Net sales	$	128,526,000	$	122,528,000
Cost of sales		73,440,000		67,630,000
Expenses		49,669,000		46,330,000
Other expense		4,481,000		3,143,000
Income before taxes	$	936,000	$	5,559,000
Income taxes		53,000		1,660,000
Net Income	$	883,000	$	3,899,000
Extraord. gain		338,000		1,126,000
Cum. effect of acct. change		409,000		—
Net Income & extraord. gain	$	1,630,000	$	5,025,000

* Included in Costs and Expenses, Depreciation: $13,696,000 in 1988 and $11,887,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 5,519	$ 351
Accts. receiv., net	29,078	26,692
*Inventories	40,441	32,117
Prepaid expenses	11,896	11,476
Current Assets	$ 86,934	$ 70,636
#Fixed assets	64,855	65,897
Other assets	5,336	4,992
Total Assets	$ 157,125	$ 141,525

Liabilities

Long-term debt, curr.	$ 14,967	$ 8,252
Accts. payable	8,151	6,306
Accruals	7,484	6,781
Income taxes	863	1,743
Curr. Liabilities	$ 31,465	$ 23,082
Long-term debt	38,706	40,956
Deferred inc. taxes	10,282	11,679
+Common stock	27,472	17,649
Retained earnings	48,786	47,156
Accum. trans. adjust.	411	1,003
Total Liabilities & Shareholders' Equity	$ 157,125	$ 141,525

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.73	4.54
%Net Income to Sales	0.69	3.18
%Net Income to Equity	1.15	5.92
Sales to Inventories	3.18	3.82
Debt to Equity	0.70	0.75
Working Capital	$ 55,469,000	$ 47,554,000
Current Ratio	2.76	3.06
Shareholders' Equity	$ 76,672,000	$ 65,808,000

The Singer Company

15438 North Florida Avenue
Tampa, Florida 33613-1223
(813) 264-7100

(Acquired by a subsidiary of Bilzerian Partners Limited Partnership 1, a private corporation, on April 25, 1988.)

Officers: Paul A. Bilzerian, chairman & chief executive officer; Joseph J. Campanella, president & chief operating officer; David Redmond, sr. v.p. & chief financial officer; Brian F. Murphy, v.p.-tax; Robert K. Scott, v.p. & secretary; Francis E. Nicastro, treasurer; Jeremiah A. Keating, controller.

Directors: Paul A. Bilzerian, chairman; Arthur G. Cohen, Alex G. Spanos.

Areas of Work: Defense Electronics and Training Systems products include a broad line of navigation systems for aircraft, spacecraft, and marine vessels; guidance systems for missiles; anti-submarine warfare systems; aircraft, spacecraft, marine and industrial simulators; large-screen display systems; electronic intelligence systems; telecommunications; terminals; and related systems and products.

Divisions and Subsidiaries:

Defense Electronics:

Librascope Corporation
833 Sonora Avenue
Glendale, California 91201
(818) 244-6541

Products: Naval weapon control systems, underwater acoustic systems, computing and data processing systems for shipborne antisubmarine warfare applications; mobile command/control and communications systems for the army; fixed station command/control systems for air defense including real-time displays ranging from CRT to very large screen; computer peripheral equipment such as disc memories and encoders.

Training Systems:

Singer Link-Miles Limited

Link-Miles International Simulation Corporation

Industrial Simulation Corporation

Number of Employees:

1988	3,800	1985	46,000
1987	28,000	1984	50,000
1986	28,000		

Plant Footage:

1988 .... 889,000 sq. ft.

Sales & Earnings x

	Net Sales + (000's)	Net Income ‡ (000's)
1988*	$ 301,900	$ (38,200)
1987#	1,902,700	26,400
1986#	1,725,200	82,600
1985#	1,569,500	82,300
1984#	1,481,500	65,100

	No. of Com. Shares	Earn. per Share ‡ †
1988*	21,072,031	$ —
1987#	21,069,031	1.01
1986#	20,964,694	3.82
1985#	17,265,147	4.30
1984#	17,089,706	3.41

(Loss)
* Successor company.
# Predecessor company.
x Restated to reflect corporate reorganization.
+ Of continuing operations only.
‡ Including extraordinary gains of $3,000,000 ($0.14 per share) in 1987, $18,000,000 ($0.89 per share) in 1986 and $11,800,000 ($0.67 per share) in 1984.
† Based on the monthly average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Defense electronics	$ 131,100	$ 783,400
Training System	170,800	785,600
Motor products	—	230,100
Meter products	—	103,600
Total	$ 301,900	$ 1,902,700

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	
1985	0.30	—	—
1984	0.10	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1988*	$ (62,700,000)	$ —
1987#	489,600,000	23.24
1986#	463,400,000	22.10
1985#	403,400,000	23.36
1984#	321,600,000	18.82

(Deficiency)
* Successor company.
# Predecessor company.
‡ After allowing for preferred stock at total liquidation preference value.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Net sales	$ 301,900	$ 1,902,700
Cost of sales & exp.	277,000	1,815,700
Gain from divestitures	(232,400)	—
Interest expense	204,400	47,800
Misc. expenses	6,700	11,800
Income before taxes	$ 46,200	$ 27,400
Income taxes	84,400	4,000
Net Income (Loss)	$ (38,200)	$ 23,400
Extraord. gain	—	3,000
Net Income (Loss) & extraord. gain	$ (38,200)	$ 26,400

‡ Predecessor company.
* Included in Costs and Expenses, Depreciation and Amortization: $5,000,000 in 1988 and $61,900,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash & cash equiv.	$ 179,400	$ 18,400
Accts. receiv., net	70,900	440,800
*Inventories	34,400	426,700
Prepaid expenses	3,400	7,200
Current Assets	$ 288,100	$ 893,100
Investments	—	93,300
#Fixed assets	54,400	325,100
Deferred inc. taxes	30,000	—
Intangibles	—	190,900
Other assets	72,600	87,000
Total Assets	$ 445,100	$ 1,589,400

Liabilities
(000's)

Notes & loans payable	$ —	$ 282,800
Long-term debt. curr.	50,300	17,700
Accts. payable	66,800	207,900
Accruals	126,600	139,500
Income taxes	50,500	500
Curr. Liabilities	$ 294,200	$ 648,400
Long-term debt	30,200	249,100
Other liabilities	39,300	58,700
Redeem. pref. stock	1,000	—
+ Preferred stock	35,800	18,700
++ Common stock	200	210,700
Add. paid-in capital	86,200	122,900
Retained earnings (deficit)	(43,200)	282,500
Unreal. loss on eq. secur.	—	(8,700)
Eq. adjust. from curr. trans.	1,400	7,100
Total Liabilities & Shareholders' Equity	$ 445,100	$ 1,589,400

‡ Predecessor company.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.30	1.44
%Net Income to Sales	—	1.23
%Net Income to Equity	—	3.70
Debt to Equity	1.00	0.87
Working Capital	—	$ 244,700,000
Current Ratio	—	1.38
Shareholders' Equity	$ 80,400,000	$ 633,200,000

SL Industries, Inc.

Suite 201, Three Greentree Centre
Marlton, New Jersey 08053
(609) 596-7800

Officers: Daryl L. Renschler, president & chief exec. officer; Tod D. Taubeneck, exec. v.p., chief financial officer, treasurer, secretary & gen. counsel; James E. Morris, corp. controller.

Directors: Bryne Litschgi, chairman; William M. Hess, Grant Heilman, Donald J. Lloyd-Jones, Salvatore J. Nuzzo, Marlin Miller, Jr., Mandell Shimberg, Richard T. Niner, Daryl L. Renschler.

Areas of Work: Electrical and electronic products include electromagnetic indicator wheels and meters, gyro windings, spark plugs and jet engine igniters for the avionics industry, power conditioners, voltage surge protectors, electric feed-throughs, and observation ports.

Metal products include grinding wheels and abrasives, specialty pipe flanges, pipe bends, tank nozzles, and the piping systems of chemical and food processing plants.

Plastic products include a variety of high tolerance parts produced by many processes including injection molding; profile and sheet extrusion; and casting of crystal clear sheet, tube and rod.

Divisions:

Electrical Products Group

SL Auburn, Inc.
89 York Street
Auburn, New York 13021
(315) 252-9501

SL Waber, Inc.
300 Harvard Avenue
Westville, New Jersey 08093
(609) 456-5400

SL Montevideo Technology, Inc.
Montevideo, Minnesota

SL Abrasives
Cave Hill Drive
Carlisle, Pennsylvania 17013
(717) 234-3471

SL Piping Systems, Inc.
Newport, Delaware

SL Modern Hard Chrome, Inc.
Camden, New Jersey
(609) 665-8600

SL Plastics, Inc.
P.O. Box 211
Nazareth, Pennsylvania 18064
(215) 759-0280

SL LUBE/systems, Inc.
Elmwood Park, New Jersey

Transfer Agent(s):

Mellon Bank (East) N.A.
P.O. Box 444
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): New York, Philadelphia

Ticker Symbol: SL

Number of Employees:

1988	N.A.	1985	1,024
1987	994	1984	883
1986	884		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 63,225,000	$ (1,358,000)
1987	63,321,000	4,433,000
1986	61,906,000	4,124,000
1985	61,331,000	4,304,000
1984	52,283,000	3,493,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	5,704,000	$ —
1987	5,688,000	0.78
1986	5,675,000	0.73
1985	5,660,000	0.76
1984	5,663,000	0.61

(Loss)
+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Revenue by Lines of Business
(000's)

	1988	1987
Electrical prods.	$ 40,906	$ 39,937
Metalworking	14,493	15,173
Plastics	7,826	8,211
Total	$ 63,225	$ 63,321

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.17	6%	—
1987	0.16	6%	
1986	0.14	6%	4-for-3
1985	0.13	6%	—
1984	0.11	6%	3-for-2

+ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 29,957,000	$ 5.25
1987	32,236,000	5.66
1986	28,642,000	5.05
1985	25,283,000	4.46
1984	21,705,000	3.83

‡ Adjusted to reflect stock dividends and stock splits.

Income Account

Year ended July 31	1988	1987
Net sales	$ 63,225,000	$ 63,321,000
Cost of sales	42,089,000	39,963,000
Expenses	18,127,000	13,674,000
Depreciation	1,569,000	1,616,000
Unusual items	3,663,000	—
Oper. profit (loss)	$ (2,223,000)	$ 8,068,000
Interest income	(66,000)	(349,000)
Interest expense	213,000	163,000
Income (loss) bef. taxes	$ (2,370,000)	$ 8,254,000
Income taxes (credit)	(1,012,000)	3,821,000
Net Income (Loss)	$ (1,358,000)	$ 4,433,000

Assets

As of July 31	1988	1987
Cash	$ 3,421,000	$ 2,321,000
Trade receiv., net	9,018,000	9,941,000
Recoverable income taxes	137,000	—
*Inventories	10,967,000	10,999,000
Prepaid expenses	411,000	515,000
Deferred inc. taxes	869,000	—
Current Assets	$ 24,823,000	$ 23,776,000
#Fixed assets	9,768,000	13,551,000
Defer. charges & other assets	2,692,000	2,720,000
Assets held for fut. sale	2,926,000	—
Intangibles	984,000	984,000
Notes receiv.	258,000	1,709,000
Total Assets	$ 41,451,000	$ 42,740,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 383,000	$ 389,000
Accts. payable	2,589,000	2,630,000
Accruals	4,358,000	1,989,000
Accrued income taxes	—	705,000
Curr. Liabilities	$ 7,330,000	$ 5,713,000
Long-term debt	1,948,000	2,311,000
Deferred inc. taxes	409,000	1,599,000
Deferred compensation	1,807,000	881,000
+ Common stock	1,295,000	1,219,000
Add. paid-in capital	24,836,000	20,573,000
Retained earnings	7,643,000	14,261,000
Treasury stock	(3,817,000)	(3,817,000)
Total Liabilities & Shareholders' Equity	$ 41,451,000	$ 42,740,000

* At lower of cost (primarily FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	13.04
%Net Income to Sales	—	7.00
%Net Income to Equity	—	13.75
Sales to Inventories	5.77	5.76
Debt to Equity	0.08	0.08
Working Capital	17,493,000	$ 18,063,000
Current Ratio	3.39	4.16
Shareholders' Equity	$ 29,957,000	$ 32,236,000

SmithKline Beckman Corporation

One Franklin Plaza
P.O. Box 7929
Philadelphia, Pennsylvania 19101
(215) 751-4000

Officers: Henry Wendt, chairman & chief executive officer; Gavin S. Herbert, exec. v.p.; Kenneth N. Kermes, exec. v.p. & chief financial officer; Norman H. Blanchard, corp. v.p., & president-SmithKline Beckman Animal Health Products; John F. Chappell, corp. v.p., & president-Smith Kline & French Laboratories; Richard V. Holmes, corp. v.p., secretary & general counsel; William E. Learnard, corp. v.p., & president-SmithKline Consumer Products; Richard W. Rodney, v.p.-manufacturing/quality assurance, Smith Kline & French Laboratories; Louis T. Rosso, corp. v.p., & president-Beckman Instruments, Inc.; George H. Poste, president-Research & Development, Smith Kline & French Laboratories; Harry C. Groome, III, corp. v.p., & president-SmithKline Bio-Science Laboratories, Ltd.; Thomas G. Davis, v.p. & medical director-Smith Kline & French Laboratories; William J. Henderson, v.p.-personnel, Smith Kline & French Laboratories; Frederick W. Kyle, exec. v.p.-operations, Smith Kline & French Laboratories; William C. Shepherd, president-Allergan; Duncan H. Cocroft, treasurer; Joseph C. Gardner, controller.

Directors: Samuel H. Ballam, Jr., Carolyne K. Davis, William R. Grant, Gavin S. Herbert, Francis P. Lucier, R. Gordon McGovern, Donald F. McHenry, Ralph A. Pfeiffer, Jr., Henry Wendt, Drew Lewis, Handel E. Evans, Thomas W. Langfitt, Harold W. Pote, Linda Gosden Robinson, Leon E. Rosenberg.

Areas of Work: Engaged in the fields of health care and high technology. Markets a broad line of prescription and proprietary products for human and animal health as well as diagnostic and analytical products and services that facilitate the detection and treatment of disease and the advancement of biomedical research.

Products for the separation of biological materials include ultracentrifuges, low-speed centrifuges and high-performance liquid chromatography systems. Products for the detection, monitoring and quantification of biological materials include spectrophotometers, nuclear counters and electrochemical instruments. Instrumentation for analysis of molecular structure and composition includes an amino acid analyzer and an instrument for determining protein and peptide sequences. The Company also produces a DNA synthesizer which uses licensed phosphoramidite chemistry and microprocessor control to speed and simplify the synthesis of nucleic acids and a peptide synthesizer which enables scientists to duplicate or make analogs of the structures of natural peptides or small proteins. The Company has also introduced an automated laboratory work station using robotics technology.

Divisions:

Therapeutics Group

Ethical Pharmaceutical Products
SmithKline Animal Health Care Products
SmithKline Consumer Health Care Products
Eye and Skin Care Products

Diagnostic/Analytical Group

SmithKline Clinical Laboratories
Beckman Analytical Systems
Beckman Diagnostic Systems
Geometric Data
SmithKline Diagnostics

Significant Subsidiaries:

Allergan, Inc.
Beckman Instruments, Inc. (84%-owned)
Laboratoires Smith Kline & French S.A. (France)
SmithKline Consumer Products, Inc.
Norden Laboratories, Inc.
SK&F Lab Co.
Smith Kline & French Laboratories Limited (United Kingdom)
SmithKline Bio-Science Laboratories, Ltd.
SmithKline & Fujisawa KK (75%-owned)

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Security Pacific National Bank
P.O. Box 60228, Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): New York, Pacific, Philadelphia, Swiss, London, Paris, Tokyo.

Ticker Symbol: SKB

Number of Employees:

1988	41,560	1985	32,824
1987	36,323	1984	30,465
1986	33,747		

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 4,749,000	$ 229,000
1987	4,329,000	570,000
1986	3,745,000	521,000
1985	3,257,000	514,000
1984	2,949,000	504,000

	No. of Com. Shares #	Earn. per Share #
1988	124,300,000	$ 1.84
1987	126,600,000	4.50
1986	153,800,000	3.39
1985	156.800,000	3.28
1984	161,700,000	3.11

+ Of continuing operations only.
# Based on the average number of common shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Therapeutics	$ 2,541,300	$ 2,640,000
Eye and skin care	755,800	553,700
Beckman instruments	770,300	691,400
Clinical lab. services	674,700	430,700
Eliminations	6,900	13,000
Total	$ 4,749,000	$ 4,328,800

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 1.84	—	—
1987	1.62	—	
1986	1.50	—	—
1985	1.425	—	—
1984	1.40	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 1,547,000	$ 12.45
1987	1,585,000	12.74
1986	1,296,000	10.19
1985	2,268,000	14.67
1984	2,069,000	13.05

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 4,749,000	$ 4,328,800
Cost of sales	1,774,300	1,541,200
Expenses	2,221,800	1,910,700
Restruc. charges	389,300	—
Interest income	(41,500)	(52,000)
Interest expense	141,000	113,400
Gain on subsid. stock sale	(46,100)	—
Other expense	1,800	12,600
Income before taxes	$ 308,400	$ 802,900
Income taxes	79,200	232,800
Net Income	$ 229,200	$ 570,100

* Included in Costs and Expenses, Depreciation and Amortization: $220,300,000 in 1988 and $199,800,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 320,800	$ 470,100
Short-term invest.	5,300	221,000
Accts. receiv., net	1,034,400	899,500
*Inventories	601,800	583,700
Other curr. assets	196,600	173,300
Current Assets	$ 2,158,900	$ 2,347,600
Investments & other assets	247,500	177,800
#Fixed assets	1,626,700	1,480,200
Intangibles	983,700	440,600
Total Assets	$ 5,016,800	$ 4,446,200

Liabilities
(000's)

Notes payable	$ 528,700	$ 492,700
Accts. payable	267,300	228,100
Accrued comp.	240,600	140,400
Accruals	452,300	407,100
Income taxes	508,900	537,600
Curr. Liabilities	$ 1,997,800	$ 1,805,900
Long-term debt	865,200	715,200
Deferred inc. taxes	—	75,300
Other liab.	554,700	145,300
Minority interest	52,400	119,900
+Common stock	36,800	36,800
Add. paid-in capital	200,700	218,700
For. curr. trans.	94,800	116,300
Retained earnings	3,094,700	3,094,100
Treasury stock	(1,880,300)	(1,881,300)
Total Liabilities & Shareholders' Equity	$ 5,016,800	$ 4,446,200

* At lower of cost (average & FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.49	18.55
%Net Income to Sales	4.83	13.17
%Net Income to Equity	14.82	35.98
Sales to Inventories	7.89	7.42
Debt to Equity	0.90	0.76
Working Capital	$ 161,100,000	$ 541,700,000
Current Ratio	1.08	1.30
Shareholders' Equity	$ 1,546,700,000	$ 1,584,600,000

Snap-on Tools Corporation

2801 80th Street
Kenosha, Wisconsin 53141
(414) 656-5200

Officers: William B. Rayburn, chairman & chief executive officer; Marion F. Gregory, president & chief operating officer; Earl B. Reed, sr. v.p.-marketing; Harry W. Fry, sr. v.p.-administration; Michael G. Hassett, sr. v.p.-manufacturing and research & engineering; Jay W. Schultz, v.p.-research & engineering; George J. Bartl, Jr., v.p.-Eastern Division; James R. Askeris, controller; Branko M. Beronja, v.p.-Western Division; Kenneth E. Ragan, v.p.-international; James D. Johnson, v.p.-Central Division; Lowell L. Larson, sr. v.p.-finance; Donald E. Lyons, v.p.-human resources; Michael F. Montemurro, treasurer; Joseph R. Olson, secretary & general counsel; Jay H. Schnabel, v.p.-marketing services; Robert C. Stenman, v.p.-planning & information services; James L. Somers, v.p.-manufacturing; Thomas J. Gibbons, v.p.-corp. quality; Daniel J. Riordan, v.p.-national sales; Charles J. Labanowsky, asst. secretary.

Directors: William B. Rayburn, chairman of the board; Marion F. Gregory, Harry W. Fry, Earl B. Reed, Arthur L. Kelly, Robert A. Cornog, Lowell L. Larson, Daniel J. Krumm, George W. Mead, J. Thomas Schanck, Michael G. Hassett.

Areas of Work: Manufactures hand tools for the professional automotive mechanic and industrial tool user, electronic automotive diagnostic equipment, sheet metal tool chests and cabinets, wheel aligning, and balancing equipment and air powered tools.

Subsidiaries:

Snap-on Tools of Canada Ltd.
Toronto, Ontario, Canada
Manufactures tools, tool chests and cabinets.

Herramientas Snap-on de Mexico, S.A.
Vallejo, Mexico
Distributes U.S. and Mexican manufactured products throughout Mexico.

Snap-on AG
Zug, Switzerland

Snap-on Tools de Mexico, S.A. de C.V.
Vallejo, Mexico
Manufactures basic tools.

Snap-on Tools International, Ltd. (FSC)
Kenosha, Wisconsin
Foreign sales corporation.

Snap-on Tools Limited
Kettering Northant's, England
Distributes U.S. and Canadian manufactured products throughout England.

Snap-on Tools (Europe) Ltd.

Snap-on Tools GmbH
Willsbach, West Germany

American Assembly Tools, Inc.

ATI Industries, Inc.
Engaged primarily in manfacturing and marketing high quality precision aircraft tools used in the construction and maintenance of commercial and military aircraft.

Transfer Agent(s):

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Stock Exchange(s): New York

Ticker Symbol: SNA

Number of Employees:

1987	6,910
1986	6,580
1985	6,209
1984	5,906
1983	5,448

Plant Footage:

1987	1,974,150 sq. ft.
1986	2,116,350
1985	1,975,500
1984	1,886,300
1983	1,885,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 754,303,000	$ 88,596,000
1986	670,086,000	65,496,000
1985	591,278,000	59,732,000
1984	539,933,000	59,629,000
1983	454,748,000	42,974,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	41,525,145	$ 2.13
1986	41,168,798	1.59
1985	40,873,186	1.46
1984	40,703,024	1.46
1983	40,564,558	1.06

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1987	$ 0.70	—	—
1986	0.61	—	
1985	0.58	—	—
1984	0.465	—	—
1983	0.425	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 457,536,000	$ 11.02
1986	382,952,000	9.30
1985	337,328,000	8.25
1984	298,574,000	7.34
1983	258,941,000	6.38

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 754,303,000	$ 670,086,000
Cost of sales	377,136,000	338,136,000
Expenses	252,115,000	230,489,000
Install. contact inc.	(30,508,000)	(25,443)
Oper. profit	$ 155,560,000	$ 126,904,000
Other income	(3,024,000)	(2,264,000)
Interest expense	2,788,000	2,672,000
Income before taxes	$ 155,796,000	$ 126,496,000
Income taxes	67,200,000	61,000,000
Net Income	$ 88,596,000	$ 65,496,000

* Included in Costs and Expenses, Depreciation and Amortization: $16,597,000 in 1987 and $14,862,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 64,575,000	$ 27,333,000
Accts. receiv, net	277,357,000	226,551,000
*Inventories	120,083,000	124,845,000
Prepaid expenses	8,501,000	13,443,000
Current Assets	$ 470,516,000	$ 392,172,000
#Fixed assets	128,082,000	115,144,000
Other assets	17,219,000	19,264,000
Total Assets	$ 615,817,000	$ 526,580,000

Liabilities

Long-term debt, curr.	$ 3,439,000	$ 4,343,000
Accts. payable	32,207,000	26,267,000
Accruals	52,460,000	43,159,000
Deposits	43,314,000	38,534,000
Curr. Liabilities	$ 131,420,000	$ 112,303,000
Long-term debt	12,622,000	16,061,000
Deferred income taxes	14,239,000	15,264,000
+Common stock	41,696,000	41,256,000
Add. paid-in capital	10,120,000	716,000
Retained earnings	407,941,000	348,405,000
Currency translation adjustment	(2,221,000)	(7,425,000)
Total Liabilities & Shareholders' Equity	$ 615,817,000	$ 526,580,000

Statistical Summary

%Income bef. Taxes to Sales	20.65	18.88
%Net Income to Sales	11.75	9.77
%Net Income to Equity	19.36	17.10
Sales to Inventories	6.28	5.37
Debt to Equity	0.04	0.05
Working Capital	$ 339,096,000	$ 504,475,000
Current Ratio	3.58	3.49
Shareholders' Equity	$ 457,536,000	$ 382,952,000

Solid Controls, Inc.

820 South 5th Street
Hopkins, Minnesota 55343
(612) 933-9053

Officers: Ronald A. Kokesh, president; Edward A. Cashin, executive vice president; John L. Rodgers, Jr., v.p.-engineering; Gary E. Polaczyk, v.p.-finance & personnel; A. Larry Katz, secretary.

Directors: Ronald A. Kokesh, Edward A. Cashin, A. Larry Katz.

Areas of Work: Designs and manufactures a widely diversified line of solid state controls for the industrial machine industry.

Transfer Agent(s):

Mellon Securities Trust Company

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	N.A.
1987	60
1986	84
1985	90
1984	80

Plant Footage:

1988	N.A.
1987	22,000 sq. ft.
1986	31,000
1985	31,000
1984	31,000

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1989	$ 5,746,322	$ 308,751
1988	4,555,225	(160,292)
1987	5,593,178	82,105
1986	8,348,756	613,226
1985	8,837,093	1,126,198

	No. of Com. Shares †	Earn. per Share x
1989	1,185,804	$ 0.26
1988	1,185,804	—
1987	1,185,804	0.07
1986	1,185,804	0.52
1985	1,185,804	0.95

(Loss)
† Adjusted to reflect stock split.
x Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1989	$ 0.13	—	—
1988	0.13	—	
1987	0.13	—	—
1986	0.13	—	—
1985	0.1575	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 3,702,582	$ 3.12
1988	3,547,986	2.99
1987	3,862,433	3.26
1986	3,934,483	3.32
1985	3,465,526	2.92

+ Adjusted to reflect stock split.

Income Account *

Year ended March 31		1989		1988
Net sales	$	5,746,322	$	4,555,225
Cost of sales		3,694,323		3,409,698
Expenses		1,721,236		1,521,512
Other income		(147,688)		(99,693)
Inc. (loss) bef. taxes	$	478,451	$	(276,292)
Income taxes (credit)		169,700		(116,000)
Net Income (Loss)	$	308,751	$	(160,292)

* Included in Costs and Expenses, Depreciation and Amortization: $170,414 in 1988 and $150,321 in 1987.

Assets

As of March 31		1989		1988
Cash	$	1,045,732	$	1,397,354
Short-term invest.		867,376		—
Accts. receiv., net		1,115,499		1,063,546
Tax refund receiv.		—		147,822
*Inventories		768,159		996,791
Prepaid expenses		26,987		27,934
Current Assets	$	3,823,753	$	3,633,447
Marketable securities		211,275		220,675
Long-term contract receiv.		12,500		62,500
Software develop. costs		112,435		118,553
#Fixed assets		207,949		265,117
Other assets		62,818		—
Total Assets	$	4,430,730	$	4,300,292

Liabilities

Accts. payable	$	29,361	$	247,464
Accruals		386,910		231,986
Accrued income taxes		32,297		—
Cap. lease oblig., curr.		41,531		37,596
Curr. Liabilities	$	490,099	$	517,046
Deferred income		173,820		112,500
Deferred taxes		26,000		43,000
Cap. lease oblig.		38,229		79,760
+Common stock		59,290		59,290
Add. paid-in capital		419,118		419,118
Retained earnings		3,224,174		3,069,578
Total Liabilities & Shareholders' Equity	$	4,430,730	$	4,300,292

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales		8.33		—
%Net Income to Sales		5.37		—
%Net Income to Equity		8.34		—
Sales to Inventories		7.48		4.57
Debt to Equity		0.02		0.03
Working Capital	$	3,333,654	$	3,116,401
Current Ratio		7.80		7.03
Shareholders' Equity	$	3,702,582	$	3,547,986

Sony Corporation

7-35, Kitashinagawa 6-chome
Shinagawa-ku, Tokyo 141, Japan
(03) 448-2111

Officers and Directors: Masaru Ibuka, honorary chairman and director; Akio Morita*, chairman & chief executive officer; Norio Ohga*, president & chief operating officer; Masaaki Morita*, Masahiko Morizono*, Susumu Yoshida*, deputy presidents; Nobutoshi Kihara, Toshio Sakai, Nobuo Kanoi, senior managing directors; managing directors: Kazuyuki Shirakura, Tsunehiko Ishizuka, Tsunao Hashimoto, Makoto Kikuchi, Koji Adachi, Eijiro Oki, Fumio Kohno, Ken Iwaki, Jiro Aiko; directors: Goro Koyama, Yusuke Kashiwagi, Toshio Miyamoto, Kiyoshi Yamakawa, Senri Miyaoka, Junichi Kodera, Shiro Koriyama, Ken Iwake, Yoshiyuki Kaneda, Kenji Tamiya, Masahiro Takahashi, Yoshiro Kato, Kozo Ohsone, Tamotsu Iba.
*Members of the Executive Committee.

Areas of Work: Manufactures a wide variety of video equipment, audio equipment, televisions, electronic components, information processing equipment, and telecommunications systems.

Subsidiaries (Japan):

Sony Ichinomiya Corporation
Manufactures color TVs and VTRs (video tape recorders).

Sony Kohda Corporation
Manufactures VTRs and videodisc players.

Sony Kisarazu Corporation
Manufactures VTRs, and CD (compact disc) players.

Sony Minokamo Corporation
High-density surface mounting for VTR parts.

Sony Inazawa Corporation
Manufactures color TV tubes.

Sony Denshi Corporation
Manufactures color TV and TV components.

Motomiya Denshi Corporation
Manufactures Trinitron gun, security systems, flat display tubes, and key components for televisions.

Sony Audio Inc.
Manufactures audio/video/camera/optical systems for home and industrial use.

Sony Mizunami Corporation
Manufactures color TV tubes.

Sony Tsukuba Corporation
Manufactures audio products.

Taron Corporation
Manufactures audio and video equipment.

Sony Bonson Corporation
Manufactures tape recorders (including Walkmans), flat TVs, and car audio products.

Toyo Electronics Corporation
Engineering of audio and video products and procurement of parts for overseas plants.

Sony Magnetic Products, Inc.
Manufactures magnetic and optical recording media and electronic components.

Sony Kokubu Semiconductor Corporation
Manufactures semiconductors.

Sony Shiroishi Semiconductor Inc.
Manufactures semiconductors.

Sony Oita Corporation
Manufactures semiconductors.

Tohkai Electronics Corporation
Manufactures printed circuit boards.

Sony Asco Inc.
Manufactures micro floppydisk drives and printer systems.

Sound System Corporation
Manufacture and surface mounting of key components for VTRs and CD players.

Sony Chemicals Corporation
Manufactures videotapes, adhesives, and electronic components.

Aiwa Co., Ltd.
Manufactures and markets hi-fi audio systems, headphone stereos, radiocassette recorders, VTRs, and modems.

Sony Magnescale Inc.
Manufactures and markets Magnescale digital position readout systems, digital gauging systems, Magnescale CNC systems, instrumentation tape recorders, and Sprinter high-speed video duplicating systems.

CBS/Sony Group Inc.
Manufactures and markets phonograph records, music tapes, compact discs, videocassettes, and videodiscs.

Sony/Tektronix Corporation
Manufactures, markets and services electronic measurement, display, and control instruments and computer graphic products.

Akebono Electronics Inc.
Manufactures printed circuit boards for audio, video, camera, and optical systems.

Sony Nagasaki Corporation
Manufactures semiconductors.

Hasso Electronics Corporation
Duplicates video software.

Sony Sound Tec Corporation
Manufactures and sells microphones, PA systems, furniture, and hearing aids.

Sony/PCL Inc.
Post-production for video and high definition video systems; video duplicating; motion-picture and still-photo processing; rental of video display systems.

Subsidiaries (United States):

Sony Corporation of America
9 West 57th Street
New York, New York 10019
(212) 371-5800
Manufactures and sale of Sony products in the United States.

Digital Audio Disc Corporation
Manufactures compact discs.

CBS Records Inc.
Production, manufacture and sale of phonograph records, tapes, compact discs, and video software.

Depository, Transfer Agent, and Registrar for American

Morgan Guaranty Trust Company of New York
New York, New York

Co-Transfer Agents and Co-Registrars:

Continental Illinois National Bank and Trust Co. of Chicago
Chicago, Illinois

Bank of America National Trust and Savings Association
San Francisco, California

The Royal Trust Company (Co-Transfer Agent only)
Montreal, Canada

National Trust Company, Limited (Co-Registrar only)
Toronto, Canada

Stock Exchange(s): Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Japan; New York, London, Amsterdam, Pacific, Hong Kong, Paris, Frankfurt, Dusseldorf, Brussels, Antwerp, Vienna, Toronto, Montreal, Vancouver, Midwest, Zurich, Basle, Geneva.

Ticker Symbol: SNE (New York Stock Exchange)*
*Trades as an ADR

Number of Employees:

1988	60,500
1987	47,600
1986	48,671
1985	44,908
1984	43,973

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1988	¥ 1,431,222	¥ 36,734
1987*	547,749	13,261
1986	1,325,158	41,888
1985	1,420,785	73,021
1984	1,261,546	71,431

	No. of Com. Shares ‡	Earn. per Share ‡
1988	249,600,000	¥ 148.90
1987*	231,236,000	57.35
1986	231,223,000	181.16
1985	231,043,000	316.05
1984	230,923,000	309.33

¥ - Yen
* 5 months.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1988 (5 months)	1987 (5 months)
Video equipment	¥ 437,190	¥ 182,219
Audio equipment	394,150	151,241
Television	310,120	127,888
Other	289,762	86,401
Total	¥ 1,431,222	¥ 547,749

* The financial data for the five-month period ended March 31, 1986 are presented for comparative purposes.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	¥44.6	—	—
1987	18.5	—	
1986	44.0	—	—
1985	44.0	—	—
1984	44.0	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share ‡
1988	¥ 650,346	¥2,605.55
1987	608,834	2,632.96
1986	606,392	2,622.54
1985	599,163	2,593.30
1984	542,180	2,347.88

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*
(millions)

Year ended March 31	1988 (5 months)	1987
Net sales	¥ 1,431,222	¥ 547,749
Other income	25,652	10,010
Total income	¥ 1,456,874	¥ 557,759
Cost of sales	1,064,587	407,769
Expenses	336,288	131,044
Interest income	(13,749)	(7,190)
For. exch. gain	(13,805)	(1,809)
Other income	(27,816)	(10,775)
Interest expense	24,814	9,438
Other expense	13,058	5,377
Income before taxes	¥ 73,497	¥ 23,905
Income taxes	39,961	14,440
Eq. in earn. of affil. cos.	(3,198)	(3,796)
Net Income	¥ 36,734	¥ 13,261

* Included in Costs and Expenses, Depreciation and Amortization: ¥ 86,354,000,000 in 1988 and ¥ 33,981,000,000 in 1987.

Assets
(millions)

As of March 31	1988	1987
Cash	¥ 54,641	¥ 35,465
Time deposits	163,316	117,449
Marketable securities	99,379	132,192
Accts. receiv., net	325,736	256,585
*Inventories	334,656	302,909
Prepaid expenses	54,705	23,670
Inc. tax prepayments	44,402	53,938
Current Assets	¥ 1,076,835	¥ 922,208
Investments & advances	127,162	115,367
#Fixed assets	426,305	343,135
Other assets	236,555	30,520
Total Assets	¥ 1,866,857	¥ 1,411,230

Liabilities
(millions)

	1988	1987
Short-term borrowings	¥ 298,745	¥ 151,969
Long-term debt, curr.	2,758	4,147
Notes & accts. payable	376,623	263,597
Dividends payable	5,388	4,309
Accrued taxes	50,723	26,341
Other accruals	210,035	136,587
Curr. Liabilities	¥ 944,272	¥ 586,950
Long-term debt	195,953	143,360
Liability for severance indemnities	51,610	47,642
Deferred inc. taxes	24,676	24,444
+Common stock	23,665	11,975
Add. paid-in capital	119,824	99,692
Legal reserve	7,837	6,322
Retained earnings	565,033	540,369
Cum. trans. adjust.	(66,013)	(49,524)
Total Liabilities & Shareholders' Equity	¥ 1,866,857	¥ 1,411,230

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	5.14	4.36
%Net Income to Sales	2.57	2.42
%Net Income to Equity	5.65	2.18
Sales to Inventories	4.28	1.81
Debt to Equity	0.76	0.49
Working Capital (000's)	¥ 132,563,000	¥ 335,258,000
Current Ratio	1.14	1.57
Shareholders' Equity (000's)	¥ 650,346,000	¥ 608,834,000

Sparton Corporation

2400 East Ganson Street
Jackson, Michigan 49202
(517) 787-8600

Officers: John J. Smith, chairman of the board & chief executive officer; David W. Hockenbrocht, president & chief operating officer; Blair H. Thompson, vice president, treasurer & asst. secretary; Richard D. Mico, v.p. & gen. mgr.-Sparton Technology, Inc.; Lawson K. Smith, v.p. & secretary and president-Lake Odessa Machine Products, Inc.; Steven G. Hubble, v.p. & gen. mgr.-Sparton Engineered Products-Flora Group; Richard C. French, v.p. & gen. mgr.-Sparton Engineered Products-Lake Odessa Group; Richard H. Nichols, v.p., asst. secretary, asst. treasurer, gen. mgr.-Defense Electronics Group; Douglas E. Johnson, pres & gen. mgr.-Sparton of Canada, Ltd.; Thomas R. Paul, v.p. & gen. mgr.-Michigan Oil Company; Stanley V. Kostecki, v.p. & gen. mgr.-Sparton Engineered Products-Grand Haven Group.

Directors: Marshall V. Noecker, John J. Smith, L. K. Smith, J. N. DeBoer, Blair H. Thompson, David W. Hockenbrocht, Robert J. Kirk, Bill H. Bowerman, Robert A. Brooks.

Divisions and Subsidiaries:

Sparton Defense Electronics Group
Johnson Lake Road
Box 788
DeLeon Springs, Florida 32028
(904) 985-4631

Sparton Electronics Division
2400 East Ganson Street
Jackson, Michigan 49202
(517) 787-8600

High reliability electronic, electro-mechanical and mechanical equipment for the U.S. military, particularly in oceanography, communications and navigation, sonobuoys, under-water ordnance and anti-submarine warfare.

Sparton Electronics Washington Office
1215 Jefferson Davis Highway
Chrystal Gateway III, Suite 301
Arlington, Virginia 22202

Sparton Electronics Florida, Inc.
Brooksville, Florida

Sparton of Canada, Ltd.
99 Ash Street
London, Ontario N6A 4N2, Canada
(519) 455-6320

Military electronic equipment for the Canadian government.

Sparton Technology, Inc.
4901 Rockaway Blvd., S.E.
Rio Rancho, New Mexico 87124

Microprocessor-based systems for telephone cable pressure monitoring and building energy management; pressure and flow transducers for the telephone industry, aerospace and others; printed circuit manufacture; contract-manufacturing, including electronic and electro-mechanical assemblies, and intrusion detection sensors and systems.

Sparton Technology, Inc.
9621 Coors Road, N.W.
Albuquerque, New Mexico 87103
(505) 898-1150

Deming Electronics
Deming, New Mexico

Sparton Engineered Products-Flora Group
P.O. Box 399
Old U.S. Highway 50, W.
Flora, Illinois 62839
(618) 662-2101

Automobile, truck marine, ordnance and industrial horns, directional signals for trucks and off highway construction equipment, automotive and marine safety accessories; and automotive stampings.

Sparton Engineered Products-Flora Group
1000 John R. Suite 202
Troy, Michigan 48083
Grayville, Illinois

Sparton Engineered Products-Lake Odessa Group
1201 North 4th Avenue
Lake Odessa, Michigan 48849
(616) 374-8863

Manufacturer of automotive parts and accessories consisting primarily of small and medium chassis underbody and innerbody stampings and wire accessories; manufactures modular assemblies.

Sparton Engineered Products-Lake Odessa Group, Sales Office
2075 W. Big Beaver, Suite 222
Troy, Michigan 48084
Gladwin, Michigan

Sparton Engineered Products-Grand Haven Group
427 N. Griffin Street
Grand Haven, Michigan 49417
(616) 842-5800

Manufacturer of engineered metal stampings, hood mechanisms; manual & automatic shifters; parking brake assemblies; tailgate handles & hinges; tire carriers; appliance hinges; and ashtrays.

White Cloud, Michigan
Brownstone, Indiana
Spring Lake, Michigan

Sparton Engineered Products-Grand Haven Group, Sales Office
3221 W. Big Beaver Road, Suite 204
Troy, Michigan 48084

Michigan Oil Company
603 Lansing Avenue
Jackson, Michigan 49202
(517) 788-9770

Exploration and production of oil and gas in the Michigan Basin.

Transfer Agent(s):

The Huntington National Bank
917 Euclid Avenue
Cleveland, Ohio 44101

Mellon Securities Transfer Service
67 Broad Street, 14th Floor
New York, New York 10004

Stock Exchange(s): New York

Ticker Symbol: SPA

Number of Employees:

1988	2,600	1986	3,600
1987	3,000	1985	3,900

Sales & Earnings

	Net Sales †	Net Income
1988	$ 201,823,034	$ 11,196,498
1987	219,427,357	10,043,953
1986	243,900,149	8,996,610
1985	158,860,217	(3,235,505)
1984	159,072,321	8,582,451

	No. of Com. Shares +	Earn. per Share +
1988	7,914,272	$ 1.41
1987	7,911,351	1.27
1986	7,890,903	1.14
1985	7,874,833	—
1984	7,854,362	1.09

(Loss)
† Manufacturing revenues; of continuing operations only.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1988	1987
Defense electronics	$ 112,755,450	$ 134,954,874
Commercial/industrial elec.	18,297,672	15,184,997
Auto & industrial prods.	70,769,912	69,287,486
Oil & gas	4,458,431	4,872,832
Total	$ 206,281,465	$ 224,300,189

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.52	—	—
1987	0.52	—	
1986	0.52	—	—
1985	0.52	—	—
1984	0.45	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 70,995,192	$ 8.97
1987	63,914,115	8.08
1986	57,827,567	7.32
1985	53,090,340	6.74
1984	59,852,219	7.60

† Adjusted to reflect stock split.

Income Account *

Year ended June 30	1988	1987
Manufacturing:		
Net sales	$ 201,823,034	$ 219,427,357
Cost of sales	159,584,703	176,951,768
Expenses	21,548,536	19,118,808
Oper. income	$ 20,689,798	$ 23,356,781
Oil & Gas:		
Revenues	4,458,431	4,872,832
Cost & exp.	7,519,465	8,574,161
Oper. loss	$ (3,061,034)	$ (3,701,329)
Interest expense	1,655,129	1,556,525
Other income	(858,866)	(724,026)
Inc. bef. taxes	$ 16,832,498	$ 18,822,953
Income taxes	5,636,000	8,779,000
Net Income	$ 11,196,498	$ 10,043,953

* Included in Costs and Expenses, Depreciation and Depletion: $4,712,573 in 1988 and $5,188,246 in 1987.

Assets

As of June 30	1988	1987
Cash & short-term invest.	$ 5,174,034	$ 1,292,441
Accts. receiv., net	28,339,904	23,896,944
*Inventories	47,464,545	48,334,560
Prepaid expenses	1,407,420	1,651,064
Current Assets	$ 82,385,903	$ 75,175,009
#Fixed assets	20,941,609	20,313,536
‡ Oil and gas prop.	10,621,615	10,356,681
Other assets	887,062	682,883
Total Assets	$ 114,836,189	$ 106,528,109

Liabilities

Notes payable	$ 19,000,000	$ 10,500,000
Accts. payable	13,476,726	20,916,946
Salaries and wages	2,391,357	2,608,753
Income taxes	892,467	2,126,811
Accruals	3,818,675	3,269,948
Dividends declared	1,028,855	1,028,855
Curr. Liabilities	$ 40,608,080	$ 40,451,313
Deferred compensation	1,225,742	1,111,818
Deferred inc. taxes	606,000	139,000
Cap. lease oblig.	1,401,175	911,863
+Common stock	9,892,840	9,892,840
Add. paid-in capital	377,225	377,225
Retained earnings	60,725,127	53,644,050
Total Liabilities & Shareholders' Equity	$ 114,836,189	$ 106,528,109

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
‡ Less accumulated depreciation and depletion.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.34	8.58
%Net Income to Sales	5.55	4.58
%Net Income to Equity	15.77	15.71
Debt to Equity	0.29	0.18
Working Capital	$ 41,777,823	$ 34,723,696
Current Ratio	2.03	1.86
Shareholders' Equity	$ 70,995,192	$ 63,914,115

Spectrum Control, Inc.

2185 West Eighth Street
Erie, Pennsylvania 16505
(814) 455-0966

Officers: Thomas L. Venable, chairman of the board & president; Geoffrey Robinson, sr. v.p.-engineering; Glenn L. Warnshuis, sr. v.p.-engineering; Elmer Ziegler, v.p.-quality control; John R. Lane, exec. v.p.; Peter Rode, v.p.-manufacturing; Jon VanAmringe, sr. v.p. & chief financial officer; James A. Siegel, treasurer; Louise A. Stuart, v.p.-manufacturing; H. Jack Baker, v.p.-engineering; James F. Toohey, secretary; John P. Freeman, controller; Karen L. Phelps, asst. secretary.

Directors: John R. Lane, John P. Leemhuis, John M. Petersen, James F. Toohey, Gerald A. Ryan, Thomas L. Venable, Glenn Warnshuis.

Areas of Work: Designs, manufactures and markets electro-magnetic components which are used to filter out electronic pollution or interference in modems, communication receivers, and other electronic equipment.

Divisions:

Electromagnetic Division
8061 Avonia Road
Fairview, Pennsylvania 16415

Material Science Division
600 Erie Street
Saegertown, Pennsylvania 16433

Western Electromagnetic Division
28106 Avenue Crocker
Valencia, California 91355

Connecting Devices Division
6000 West Ridge Road
Erie, Pennsylvania 16506

Subsidiaries:

Spectrum Control GmbH
Hansastrasse 6
D-8540 Schwabach, West Germany

Spectrum Engineering International, Inc.
3411 Silverside Road
Wilmington, Delaware 19810
Domestic International Sales Corporation (DISC).

Spectrum Control, Inc. (Delaware)
3411 Silverside Road
Wilmington, Delaware 19810
Investment company.

Spectrum Control Technology, Inc.
4100 Michoud Boulevard
New Orleans, Louisiana 70129-2284

Spectrum Polytronics, Inc. (96% owned)
10906 North Stallard Place
Tucson, Arizona 85737

Transfer Agent(s):

Maryland National Bank
B & O Building
Two North Charles Street
Fourth Floor
Baltimore, Maryland 21201

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPEC (NASDAQ)

Sales & Earnings

	Net Sales	Net Income
1988	$ 29,788,523	$ (2,723,354)
1987	33,657,682	32,796
1986	25,979,022	3,314,798
1985	24,186,365	2,668,257
1984	22,199,754	2,267,932

	No. of Com. Shares	Earn. per Share ‡
1988	5,396,937	$ —
1987	5,370,879	0.01
1986	5,346,865	0.62
1985	5,342,699	0.50
1984	5,316,399	0.43

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.07	—	—
1987	0.07	—	
1986	0.07	—	—
1985	0.06	—	—
1984	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 17,468,659	$ 3.24
1987	19,649,637	3.66
1986	20,946,958	3.92
1985	17,951,980	3.36
1984	14,181,918	2.67

Income Account *

Year ended Nov. 30	1988	1987
Net sales	$ 29,788,523	$ 33,657,682
Cost of sales	20,884,290	21,879,399
Expenses	11,391,232	10,732,416
Invest. expense (income)	267,492	(1,085,408)
Interest expense	1,895,776	2,053,479
Income (loss) bef. taxes	$ (4,650,267)	$ 77,796
Income taxes (credit)	(1,040,913)	45,000
Cum. effect of acct. change	(886,000)	—
Net Income (Loss)	$ (2,723,354)	$ 32,796

* Included in Costs and Expenses, Depreciation and Amortization: $2,632,449 in 1988 and $2,340,960 in 1987.

Assets

As of Nov. 30	1988	1987
Cash	$ 313,949	$ 907,598
Investments	2,876,197	—
Accts. receiv., net	5,044,683	5,546,840
*Inventories	10,969,214	11,334,659
Refund. inc. taxes	37,935	1,100,388
Prepaid expenses	244,999	464,584
Current Assets	$ 19,486,977	$ 19,354,069
Investments	—	3,079,519
#Fixed assets	33,790,681	34,354,222
Other assets	1,637,454	1,540,654
Total Assets	$ 54,915,112	$ 58,328,464

Liabilities

Long-term debt, curr.	$ 1,275,721	$ 1,385,012
Short-term debt	7,509,875	6,120,768
Accts. payable	2,502,046	2,466,097
Accrued salaries	1,319,141	959,305
Accrued interest	317,908	335,725
Other accruals	518,151	269,483
Deferred revenue	119,751	—
Deferred compensation	—	366,258
Curr. Liabilities	$ 13,562,593	$ 11,902,648
Long-term debt	21,416,669	22,723,101
Deferred revenue	341,026	—
Deferred inc. taxes	2,126,165	4,053,078
+Common stock	6,609,746	6,495,742
Retained earnings	11,128,386	14,227,709
Valuation allow. on eq. securities	—	(796,024)
For. curr. adjustment	(269,473)	(213,730)
Treasury stock	—	(64,060)
Total Liabilities & Shareholders' Equity	$ 54,915,112	$ 58,328,464

* At lower of cost (average or standard cost) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.23
%Net Income to Sales	—	0.10
%Net Income to Equity	—	0.17
Sales to Inventories	2.72	2.97
Debt to Equity	1.73	1.16
Working Capital	$ 5,924,384	$ 7,451,421
Current Ratio	1.44	1.63
Shareholders' Equity	$ 17,468,659	$ 19,649,637

Spex Group, Inc.

3880 Park Avenue
Edison, New Jersey 08820
(201) 549-7144

Officers: Jud B. Flato, president & chief exec. officer; Charles W. Gibney, v.p.-finance & treasurer; Charles L. Jaffin, secretary; Robert F. Johnston v.p..

Directors: Bernard J. Bulkin, Jud B. Flato, Robert F. Johnston, William J. Kissel, Bradford Mills.

Areas of Work: Engaged in the manufacture and distribution of spectrometric analytical instrumentation and systems; analytical standards and laboratory supplier and less complex laboratory equipment.

Subsidiaries:

Spex International, Inc.
Foreign Sales Corporation (FSC)

Spex Industries, Inc.
Manufacture and distribution of spectrometric equipment.

Spex Industries (UK) Ltd.

Baird-Atomic, Limited
Braintree, Essex, England
Manufactures filter fluorometers, analytical spectrofluorometers and economical atomic absorption spectrometers.

Transfer Agent(s):

The Trust Company of New Jersey
35 Journal Square
Jersey City, New Jersey 07306

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPEX (NASDAQ)

Number of Employees:

1987	200	1984	N.A.
1986	157	1983	109
1985	140		

Plant Footage:

1987	70,700 sq. ft.	1984	N.A.
1986	70,700	1983	69,000
1985	70,700		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 13,216,397	$ (951,015)
1986	13,787,300	680,041
1985	12,342,854	538,808
1984	11,763,478	366,471

	No. of Com. Shares	Earn. per Share ‡
1987	5,929,844	$ —
1986	5,929,858	0.09
1985	5,929,858	0.07
1984	5,923,921	0.04

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Spectrometric instruments	$ 10,415,000	$ 10,851,000
Chemicals	811,000	879,000
Laboratory accessories	1,990,000	2,057,000
Total	$ 13,216,000	$ 13,787,000

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 1,966,863	$ 0.33
1986	3,174,792	0.54
1985	2,654,751	0.45
1984	2,251,817	0.38

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 13,216,397	$ 13,787,300
Cost of sales	6,948,444	6,368,252
Expenses	6,643,183	5,855,733
Interest expense	747,530	712,545
Other income	(45,745)	(121,271)
Income (loss) before taxes	$ (1,077,015)	$ 972,041
Income taxes (credit)	(126,000)	292,000
Net Income	$ (951,015)	$ 680,041

* Included in Costs and Expenses, Depreciation and Amortization: $397,110 in 1987 and $385,786 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 59,069	$ 168,276
Income taxes	—	175,431
Accts. receiv., net	3,368,797	3,450,806
*Inventories	5,653,345	3,880,835
Prepaid expenses	208,125	150,463
Current Assets	$ 9,289,336	$ 7,825,811
#Fixed assets	3,609,222	3,738,619
Other assets	74,877	89,877
Intangibles	2,178,812	1,924,929
Total assets	$ 15,152,247	$ 13,579,236

Liabilities

Long-term debt, curr.	$ 1,490,294	$ 380,000
Accts. payable	1,870,494	1,066,523
Accrued payroll	314,602	287,881
Accrued commissions	209,612	131,788
Accrued profit-sharing	—	72,000
Other accruals	294,014	246,120
Other curr. liab.	74,312	173,132
Curr. Liabilities	$ 4,253,328	$ 2,357,444

Long-term debt	6,862,056	5,795,000
Deferred inc. taxes	70,000	252,000
+Redeem. preferred stock	2,000,000	2,000,000
++Common stock	59,299	59,299
Add. paid-in capital	1,950,396	1,950,396
Retained earnings	54,082	1,165,097
Cum. trans. adjust.	(96,914)	—
Total Liabilities & Shareholders' Equity	$ 15,152,247	$ 13,579,236

+ At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $5 par value; 8% cumulative.
++ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.05
%Net Income to Sales	—	4.93
%Net Income to Equity	—	21.42
Sales to Inventories	2.34	3.55
Debt to Equity	4.25	1.95
Working Capital	$ 5,036,008	$ 5,468,367
Current Ratio	2.18	3.32
Shareholders' Equity	$ 1,966,863	$ 3,174,792

Spire Corporation

Patriots Park
Bedford, Massachusetts 01730
(617) 275-6000

Officers: Roger G. Little, chairman, chief executive officer, president & treasurer; Richard S. Gregorio, treasurer; Stephen M. Honig, clerk; Robert G. Wolfson, sr. v.p.-business development; Ghazi Darkazalli, v.p.-equipment; Piran Sioshansi, v.p.-ion implantation; Bobby Buchanan, v.p.-strategic technology.

Directors: Roger G. Little, chairman; Alfred John Gale, James D. Gerson, Robert H. Masson, John A. Tarello, Carl N. Graf, Howard Scharfman.

Areas of Work: The company fabricates and sells manufacturing equipment used by the photovoltaic industry for the production of solar modules and cells and by the electronics industry for the processing of semiconductor materials and devices; conducts contract supported material and process research relating to photovoltaic energy, semiconductor materials and metal surface modification industries; and provides contract services for the treatment of semiconductor materials and metal surfaces.

Transfer Agent(s):

The Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPIR (NASDAQ)

Number of Employees:

1988	172	1986	165
1987	158		

Plant Footage:

1988	74,000 sq. ft.	1986	74,000
1987	74,000	1985	74,000

Sales & Earnings

	Revenues	Net Income
1988	$ 17,633,000	$ 74,000
1987	11,329,000	(1,367,000)
1986	12,604,000	826,000
1985	13,673,000	1,350,000
1984	9,455,000	852,000

	No of Com. Shares #	Earn. per Share #
1988	3,492,000	$ 0.02
1987	3,512,000	—
1986	3,505,000	0.24
1985	3,405,000	0.40
1984	3,388,000	0.25

(Loss)
# Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 10,485,000	$ 3.00
1987	10,428,000	2.97
1986	11,764,000	3.36
1985	8,286,000	2.43
1984	6,829,000	2.02

‡ Based on the weighted average number of common shares outstanding.

Income Account*

Year ended Dec. 31	1988	1987
Contract & serv. revenues	$ 12,543,154	$ 9,350,164
Sales of mfg. equip.	5,090,119	1,979,206
Total revenues	$ 17,633,273	$ 11,329,370
Cost of sales	14,328,846	9,025,729
Expenses	2,994,184	3,615,774
Interest expense	231,111	151,498
Income (loss) bef. taxes	$ 79,132	$ (1,463,631)
Income taxes (credit)	5,000	(97,000)
Net Income (Loss)	$ 74,132	$ (1,366,631)

* Included in Costs and Expenses, Depreciation and Amortization: $1,867,908 in 1988 and $1,648,069 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 282,076	$ 171,594
Accts. receiv., net	4,799,850	2,821,957
Refundable income taxes	—	23,901
*Inventories	1,800,511	2,373,297
Prepaid expenses	249,031	304,411
Current Assets	$ 7,131,468	$ 5,695,160
#Fixed assets	10,149,587	10,092,569
Computer software costs	441,423	462,282
Intangibles	149,270	143,891
Other assets	61,184	77,808
Total Assets	$ 17,932,932	$ 16,471,710

Liabilities

Notes payable	$ 4,300,000	$ —
Accts. payable	1,527,306	527,619
Accruals	1,014,633	636,449
Advances on contracts	316,471	296,203
Curr. Liabilities	$ 7,158,410	$ 1,460,271
Deferred income taxes	289,300	283,300
Long-term debt.	—	4,300,000
+ Common stock	34,861	34,861
Add. paid-in capital	8,396,197	8,396,197
Retained earnings	2,071,213	1,997,081
Treasury stock	(17,049)	—
Total Liabilities & Shareholders' Equity	$ 17,932,932	$ 16,471,710

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

% Income bef. Taxes to Revenues	0.45	—
% Net Income to Revenues	0.42	—
% Net Income to Equity	0.71	—
Working Capital	—	$ 4,234,889
Current Ratio	—	3.90
Shareholders' Equity	$ 10,485,222	$ 10,428,139

Square D Company

Executive Plaza
Palatine, Illinois 60067
(312) 397-2600

Officers: Dalton L. Knauss, chairman; J.L. Stead, president & chief executive officer; Thomas H. Brown, v.p. & president-Anderson Products; Charles W. Denny, III, v.p.-electrical group; Dexter S. Free, v.p., treasurer & asst. secretary; Richard A. Hegeman, v.p.-marketing; E.A. Kemper, v.p.-corp. support operations & asst. secretary; W.W. Kurczewski, v.p., general counsel & secretary; G.E. Meyers, v.p.-electronic materials & components group; J.K. Glore, v.p.-power equipment business; Charles E. Quentel, III, v.p.-engineering & quality assurance; W.J. Mueller, v.p., controller & chief accounting officer; J. Vikmanis, v.p.-electronic systems group; Thomas W. Wilbor, v.p.-staff executive; T.L. Bindley, v.p.-finance & chief financial officer; C.E. Ashley, v.p.-distribution equipment business; J.C. Garrett, v.p.-control business; C.L. Hite, v.p.-human resources; M.W. Schiefen, v.p.-corporate development; C. N. Thompson, III, v.p.-sales.

Directors: Michel L. Besson, Donald C. Clark*, Robert F. Froehlke, C. Roland Haden, Dalton L. Knauss*, Sheldon B. Lubar, Leo J. McKernan, Frank J. Morgan*, John B. Schwemm, Jerre L. Stead*, Alfred M. Zeien.

* Member of the Executive Committee

Areas of Work: The Company is involved in two business segments: electrical equipment and electronic products. The electrical equipment group manufactures and markets electrical products including switches, circuit breakers, panelboards, switchboards, transformers, motor starters, relays and accessories such as pushbuttons, and limit, pressure and vacuum switches. The products are marketed to electrical contractors, electrical utilities and industrial plants.

The electronic products segment is engaged in the manufacture and sale of electrodeposited copper foil, semiconductor devices, power conditioning equipment, programmable controllers, energy management systems, infrared radiation thermometers and pyrometers, computerized control and data gathering systems, snap dome switches and other electronic devices.

Subsidiaries:

Square D Canada Electrical Equipment Inc.
Toronto, Ontario, Canada

Equipment Electrique Square D Canada Inc.
Mississauga, Ontario, Canada

Square D Limited
Swindon, England

Square D de Mexico, S.A. de C.V.
Mexico City, Mexico

Versamex S.A. de C.V.
Mexico City, Mexico

Square D Italia, S.p.A.
Arenzano, Italy

Square D Company Australia Pty., Ltd.
Melbourne, Australia

Square D Company Ireland Ltd.
Ballinasloe
County Galway, Ireland

Square D Japan Ltd.
Osaka, Japan

Square D France S.A.
Paris, France

Square D GmbH
Darmstadt, West Germany

Ircon Pyrometers, Inc.
Cedex, France

Ircon GmbH
Taunusstein, West Germany

Square D Starkstrom GmbH
West Germany

Square D Andina, S.A.
Latacunga, Ecuador

Square D Centroamericana, S.A.
San Jose, Costa Rica

Engineered Systems, Inc.
Tempe, Arizona
Control and data gathering systems.

KB-Denver, Inc.
Frederick, Colorado
Keyboards, snap dome switches.

Square D Espana
Barcelona, Spain

Square D Company (Singapore) Pte. Ltd.
Singapore

Yates Industries, Inc.
Beaumont, California; Bordentown, New Jersey
Electrodeposited copper foil.

Yin Research Corporation
Fremont, California

General Semiconductor Industries, Inc.
Cottonwood, Arizona; Tempe, Arizona
Power transistors, transient suppressors, transient protection systems.

Yates Industries, S.A.
Wiltz, Luxembourg

Yates Circuit Foil Co., Ltd.
Silloth, England

Square D Benelux B.V.
Woerden, The Netherlands

Square D Company (Hong Kong) Limited
Hong Kong

Square D Company (Thailand) Limited
Bangkok, Thailand

Ircon Limited
Dartford, Kent, England

Square D Ventures Corporation
Palatine, Illinois

Ircon, Inc.
Niles, Illinois
Infrared radiation thermometers.

Topaz, Inc.
San Diego, California
Uninterruptible power systems, power conditioners, electronic noise suppression equipment.

Square D China Ltd.
Beijing, People's Republic of China

General Semiconductor Ireland Ltd.
Macroom, Irish Republic

Topaz, Inc.-Industrias Electronicas Pacifico, S.A. de C.V.
Tijuana, Mexico

Transfer Agent(s):

National Bank of Detroit
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): New York

Ticker Symbol: SQD

Number of Employees:

1988	N.A.	1985	22,100
1987	19,500	1984	22,600
1986	20,500		

Plant Footage:

1988	N.A.	1985	9,568,000
1987	9,152,000 sq. ft.	1984	9,529,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 1,656,772,000	$ 118,934,000
1987	1,484,221,000	110,001,000
1986	1,403,472,000	98,928,000
1985	1,348,114,000	87,188,000
1984	1,310,126,000	106,153,000

	No. of Com. Shares	Earn. per Share +
1988	25,691,000	$ 4.44
1987	27,660,000	3.82
1986	28,966,000	3.42
1985	28,864,000	3.02
1984	28,748,000	3.71

+ Based on the weighted average number of shares outstanding during the year.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.94	—	—
1987	1.86	—	
1986	1.84	—	—
1985	1.84	—	—
1984	1.84	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 636,029,000	$ 24.76
1987	679,711,000	24.57
1986	670,789,000	23.16
1985	606,139,000	21.00
1984	551,163,000	19.17

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 1,656,772	$ 1,484,221
Cost of sales	1,106,508	962,173
Expenses	357,222	308,265
Restructuring charge	—	21,692
Other income	(19,542)	(18,481)
Interest expense	26,508	23,780
Income before taxes	$ 186,076	$ 186,792
Income taxes	67,142	76,791
Net Income	$ 118,934	$ 110,001

* Included in Costs and Expenses, Depreciation and Amortization: $63,572,000 in 1988 and $60,482,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 39,549	$ 31,874
Short-term invest.	39,725	69,623
Accts. receiv., net	279,807	258,233
*Inventories	193,885	139,611
Prepaid expenses	29,844	31,234
Deferred inc. taxes	5,602	—
Current Assets	$ 588,412	$ 530,575
Investment in affils.	16,368	15,023
Invest. in lev. leases	130,468	125,639
#Fixed assets	495,187	483,876
Other assets	28,513	54,596
Intangibles	76,716	79,603
Total Assets	$ 1,335,664	$ 1,289,312

Liabilities
(000's)

Short-term bank borrowings	$ 123,165	$ 79,916
Long-term debt, curr.	20,243	19,707
Accts. payable & accruals	199,166	180,871
Dividend payable	13,043	13,298
Income taxes	19,544	8,479
Deferred income taxes	—	7,113
Curr. Liabilities	$ 375,161	$ 309,384
Long-term debt	139,151	146,881
Deferred inc. taxes	87,985	82,728
Def. inc. taxes - lev. leases	89,028	63,345
Minority interest	8,310	7,263
+ Common stock	49,154	48,779
Add. paid-in capital	109,837	103,863
Retained earnings	665,761	601,173
Cum. trans. adjust	2,547	6,028
Treasury stock	(191,270)	(80,132)
Total Liabilities & Shareholders' Equity	$ 1,335,664	$ 1,289,312

* At lower of cost (LIFO in U.S., FIFO for foreign) or market.
# Less accumulated depreciation.
+ $1.66 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.23	12.59
%Net Income to Sales	7.18	7.41
%Net Income to Equity	18.70	16.18
Sales to Inventories	8.55	10.63
Debt to Equity	0.44	0.19
Working Capital	$ 213,251,000	$ 221,191,000
Current Ratio	1.57	1.71
Shareholders' Equity	$ 636,029,000	$ 679,711,000

Standard Logic, Inc.

4940-A East La Palma Avenue
Anaheim, California 92807
(714) 779-2897

Officers: Dennis A. Wade, chairman of the board, pres., v.p.-finance, chief financial officer & sec.; Earnest W. Baumgardner, vice chairman; Michael J. Cirrincione, v.p.-sales & marketing; Vicki Paschal, secretary.

Directors: Ernest W. Baumgardner, Dennis A. Wade, Marlan M. Merhab, Bruce L. Billington.

Areas of Work: The Company manufactures integrated circuit packaging systems and wire wrap machines for use by the electronic manufacturing industry, and provides wire wrap, contract engineering and manufacturing services. The Company also manufactures a computerized restaurant and hospitality point-of-sale system called the DART (Dynamic Automated Restaurant Terminal) System.

Transfer Agent(s):

Bank of America
Los Angeles, California

Stock Exchange(s): Over-the-Counter, Boston

Ticker Symbol: STDL (NASDAQ); SLO (Boston)

Number of Employees:

1987	31	1984	70
1986	45	1983	141
1985	66		

Plant Footage:

1987	20,000 sq. ft.	1984	57,000
1986	31,000	1983	57,000
1985	33,000		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 1,511,800	$ (990,518)
1986	2,432,000	(132,788)
1985	3,076,000	(657,064)
1984	2,094,000	(4,586,817)
1983	3,279,000	(775,681)

	No. of Com. Shares	Earn. per Share
1987	4,974,118	$ —
1986	4,974,118	—
1985	4,974,118	—
1984	4,974,118	—
1983	4,983,711	—

(Loss)
† Of continuing operations only.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 1,760,151	$ 0.35
1986	2,750,669	0.55
1985	2,883,457	0.58
1984	3,552,971	0.71
1983	8,150,582	1.64

Income Account *

Year ended Oct. 31	1987	1986
Net sales	$ 1,511,759	$ 2,432,479
Cost of sales	826,695	1,174,612
Expenses	1,698,586	1,246,801
Other income	(39,639)	(123,246)
Gain on sale of land	—	(200,000)
Income (loss) before taxes	$ (973,883)	$ 334,312
Income taxes	800	154,500
Inc. (loss)-cont-oper.	$ (974,683)	$ 179,812
Loss-discont. oper.	(15,835)	(312,600)
Net Loss	$ (990,518)	$ (132,788)

* Included in Costs and Expenses, Depreciation and Amortization: $72,904 in 1987 and $47,782 in 1986.

Assets

As of Oct. 31	1987	1986
Cash	$ 45,812	$ 478,348
Marketable securities	1,056	1,296,329
Accts. receiv., net	249,786	429,150
Note receivable	901,099	—
*Inventories	533,528	416,750
Prepaid expenses	147,186	82,753
Current Assets	$ 1,878,467	$ 2,703,330
#Fixed assets	333,892	217,897
Other assets	61,997	122,800
Total Assets	$ 2,274,356	$ 3,044,027

Liabilities

Accts. payable	247,825	198,220
Accrued compensation	175,138	74,636
Other liabilities	11,191	20,502
Customer advances	80,051	—
Curr. Liabilities	$ 514,205	$ 293,358
+ Common stock	124,352	124,352
Add. paid-in capital	10,199,941	10,199,941
Warrants	24,687	24,687
Ret. earnings (deficit)	(8,588,829)	(7,598,311)
Total Liabilities & Shareholders' Equity	$ 2,274,356	$ 3,044,027

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.025 par value.

Statistical Summary

Sales to Inventories	2.83	5.67
Working Capital	$ 1,364,262	$ 2,409,972
Current Ratio	3.65	9.22
Shareholders' Equity	$ 1,760,151	$ 2,750,669

Standard Microsystems Corporation

35 Marcus Boulevard
Hauppauge, New York 11788
(516) 273-3100

Officers: Paul Richman, chairman; Victor F. Trizzino, president & chief exec. officer; Gerald E. Gollub, exec. v.p.; Arthur Sidorsky, exec. v.p.; Walter J. Kmeta, senior v.p.; John Tweedy, vice president; Harry J. Horn, vice president; Ernest W. Sern, vice president; George Houseweart, vice president; Harold I. Kahen, secretary; Anthony M. D'Agostino, controller & treasurer.

Directors: Herman Fialkov, Richard L. Geiger, Paul Richman, Peter F. Dicks, Raymond Frankel, John Gatti, Jospeh L. Parkinson, Richard L. Geiger, Victor F. Trizzino.

Areas of Work: Engaged in the design, development, manufacture and marketing of metal-oxide-semiconductor (MOS) large-scale integrated (LSI) circuits and very large-scale integrated (VLSI) circuits and subsystems. Also designs, develops and markets hardware and software products for the personal computer local area network market.

Subsidiaries:

SMC International, Inc.
St. Thomas, U.S. Virgin Islands

Standard Microsystems Corporations (Asia)
Taipei, Republic of China

Standard Microsystems GmbH
Munich, West Germany

Tokyo Microsystems Corporation (80%-owned)
Tokyo, Japan
Markets the Company's products in Japan.

Transfer Agent(s):

Mellon Securities Trust Company
120 Broadway
New York, New York 10271

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SMSC (NASDAQ)

Number of Employees:

1989	498	1987	N.A.
1988	614	1986	619

N.A. - Not Available.

Plant Footage:

1989	243,000 sq. ft.	1986	250,000
1988	243,000	1985	80,000
1987	197,000		

Sales & Earnings

	Net Sales	Net Income
1989	$ 71,631,000	$ (5,925,000)
1988	59,262,000	(3,533,000)
1987	53,155,000	459,000
1986	44,463,000	51,000
1985	69,062,000	13,617,000

	No. of Com. Shares	Earn. per Share ‡
1989	11,397,000	$ —
1988	11,263,000	—
1987	11,184,000	0.04
1986	11,097,821	—
1985	10,912,019	1.23

(Loss)
‡ Based on the weighted average number of shares outstanding during the year.

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 82,288,000	$ 7.22
1988	87,270,000	7.75
1987	87,125,000	7.80
1986	84,638,000	7.63
1985	83,150,000	7.62

Income Account *

Year ended Feb. 28	1989	1988
Net sales & revenues	$ 71,631,000	$ 59,262,000
Cost of sales	49,724,000	34,552,000
Expenses	32,161,000	30,746,000
Tender offer exp.	—	1,931,000
Interest expense	541,000	554,000
Interest income	(1,844,000)	(1,791,000)
Minority interest	(201,000)	(84,000)
Loss bef. taxes	$ (8,750,000)	$ (6,646,000)
Tax credit	(2,825,000)	(3,113,000)
Net Loss	$ (5,925,000)	$ (3,533,000)

* Included in Costs and Expenses, Depreciation and Amortization: $9,548,000 in 1989 and $9,136,000 in 1988.

Assets

As of Feb. 18	1989	1988
Cash & cert. of deposit	$ 28,828,000	$ 29,453,000
Accts. receiv.	15,793,000	16,353,000
Tax refunds	441,000	4,158,000
*Inventories	19,132,000	21,730,000
Prepaid expenses & other assets	1,140,000	1,320,000
Current assets	$ 65,334,000	$ 71,014,000
#Fixed assets	41,389,000	46,557,000
Other assets	2,152,000	1,382,000
Total Assets	$ 108,875,000	$ 118,953,000

Liabilities

Long-term debt, curr.	$ 83,000	$ 67,000
Accts. payable	4,226,000	5,963,000
Accruals	3,574,000	3,541,000
Curr. Liabilities	$ 7,883,000	$ 9,571,000
Long-term debt	4,347,000	4,433,000
Deferred inc. taxes	1,891,000	5,012,000
Minority interest	12,466,000	12,667,000
+Common stock	1,140,000	1,126,000
Add. paid-in capital	55,286,000	54,523,000
Retained earnings	22,187,000	28,112,000
For. curr. trans.	3,675,000	3,509,000
Total Liabilities & Shareholders' Equity	$ 108,875,000	$ 118,953,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	3.74	2.73
Debt to Equity	0.05	0.05
Working Capital	$ 57,451,000	$ 61,443,000
Current Ratio	8.29	7.42
Shareholders' Equity	$ 82,288,000	$ 87,270,000

Standex International Corporation

6 Manor Parkway
Salem, New Hampshire 03079
(603) 893-9701

Officers: Daniel E. Hogan, chairman of the board; Thomas L. King, president & chief exec officer; Warren S. Cooper, vice chairman; Samuel S Dennis, III, v.p.; Sam G. Grillo, exec. v.p.-operations; John M. Wall, v.p.-industrial relations & corporate communications; John J. Bentley, controller; Thomas H. DeWitt, exec. v.p.-administration & general counsel; Norman B. Asher, asst. secretary; Lindsay M. Sedwick, treasurer; Deborah A. Rosen, asst. secretary & sr. corp. attorney; Tom L. Peterson, corp. counsel & secretary; Robert R. Kettinger, asst. controller; Kenneth Foden, asst. controller-Europe.

Directors: Daniel E. Hogan*, chairman; John Bolten, Jr., William Brewster, William L. Brown*, Warren S. Cooper*, Samuel S. Dennis, III*, Thomas L. King*, John Hill, C. Kevin Landry, Sol Sackel, Daniel B. Hogan, H. Nicholas Muller, III, Sam G. Grillo, Thomas H. DeWitt.

* Member of the Executive Committee

Areas of Work: The Electronics Group manufactures electronic components, inductors, capacitors, connectors, microcoils, reed switches and reed relays. The Industrial Group manufactures embossing rolls and plates, mold engraving, specialty converting and finishing machinery and systems; ducting for heating, air-conditioning, and ventilation systems; power metal spinning of components for aerospace, energy systems, and industrial applications. The Institutional Products Group manufactures patient-feeding systems, handblown glassware, barbecuing and baking equipment, candle-lamps and candles, food waste disposers, refrigeration equipment, slicing machines and choppers, casters and wheels, and food racks, cabinets and carts. The Graphics/Mail Order Group publishes religious literature and manufactures election supplies; manufactures commercial printing products and educational materials and specialized binding systems; operates a chain of 17 Berean religious retail bookstores; and sells grapefruit and other gift packages and fund-raising supplies through other mail order operations.

Electronics Divisions & Subsidiaries:

B.F. Standex Electronics
4538 Camberwell Road
Cincinnati, Ohio
(513) 871-3777
Manufacturer of electronic components and assemblies for the color television, automotive and communications industries.

Van Products
4538 Camberwell Road
Cincinnati, Ohio
(513) 871-3777
Manufacturer of hermetic electrical connectors for the refrigeration and air conditioning industries.

Standex Electronics (UK) Limited
Morley Road
Tonbridge, Kent, England
Tonbridge, 0732 358023, England
Manufacturer of the full range of standard reed switches; also vacuum and high pressure reed switches and DIP reed relays for the telecommunications and electronics industries.

Paul Smith Company (Douglas)
323 G Avenue
Douglas, Arizona 85607
(602) 364-7964
Manufacturer of electronic components.

S.I. de Mexico S.A. de C.V.
Calle Primera #2550
Agau Prieta
Sonora, Mexico
(602) 364-7966
Manufacturer of electronic components.

Paul Smith Company
4538 Camberwell Road
Cincinnati, Ohio 45209
(513) 871-3777
Manufacturer of fixed and variable precision inductors for the color TV and communications industries; also of custom designed, high voltage transformers for solid state furnace ignition systems.

Acquisition:

Custom Hoists, Inc.
Manufactures single and double acting telescopic and piston rod hydraulic cylinders.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 1619
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SXI

Number of Employees:

1988	4,900	1985	5,100
1987	5,300	1984	5,700
1986	5,300		

Plant Footage:

1988	3,443,000 sq. ft.	1986	4,161,000
1987	3,443,000	1985	4,034,000

Sales & Earnings

	Net Sales	Net Income
1988	$ 429,731,701	$ 13,087,580
1987	409,172,577	17,355,000
1986	376,322,000	15,593,000
1985	375,275,000	18,568,000
1984	378,547,000	20,006,000

	No. of Com. Shares #	Earn. per Share #
1988	11,929,000	$ 1.10
1987	12,350,000	1.41
1986	13,040,000	1.20
1985	13,601,000	1.37
1984	13,854,000	1.44

# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Graphics	$ 114,431	$ 107,301
Consumer	42,355	49,827
Institutional	162,196	153,479
Electronics	16,880	17,233
Industrial	93,029	80,839
General, corporate & other	841	494
Total	$ 429,732	$ 409,173

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.55	—	—
1987	0.52	—	
1986	0.52	—	—
1985	0.52	—	—
1984	0.50	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 156,429,000	$ 13.71
1987	159,664,000	13.05
1986	146,784,000	11.85
1985	147,251,000	10.94
1984	144,019,000	10.39

‡ Adjusted to reflect stock split.

Income Account

Year ended June 30	1988	1987
Net sales	$ 429,731,701	$ 409,172,577
Other income	1,108,489	967,445
Total income	$ 430,840,190	$ 410,140,022
Cost of sales	274,743,132	261,413,477
Expenses	106,751,528	104,747,157
Depreciation & amortization	10,786,831	9,690,203
Interest expense	5,421,518	4,622,981
Loss on dispos. of Yield House	10,715,601	—
Income before taxes	$ 22,421,580	$ 29,666,204
Income taxes	9,334,000	12,311,000
Net Income	$ 13,087,580	$ 17,355,204

Assets

As of June 30	1988	1987
Cash	$ 12,198,867	$ 9,411,824
Receiv., net	63,193,072	58,115,306
*Inventories	85,714,484	87,863,587
Prepaid expenses	3,502,663	3,949,520
Current Assets	$ 164,609,086	$ 159,340,237
#Fixed assets	83,314,331	85,626,721
Receivables	15,644,502	9,491,544
Intangibles	12,618,739	12,529,402
Total Assets	$ 276,186,658	$ 266,987,904

Liabilities

Notes payable & long-term debt, curr.	$ 9,540,658	$ 5,340,221
Accts. payable	25,448,416	23,544,482
Accrued payroll	12,376,489	12,192,791
Income taxes	2,728,562	3,593,796
Other curr. liab.	6,939,593	4,735,034
Curr. Liabilities	$ 57,033,718	$ 49,406,324
Long-term debt	48,786,200	45,851,195
Deferred inc. taxes	11,744,000	9,795,000
Other liab.	2,193,928	2,271,625
+Common stock	20,988,209	20,988,209
Add. paid-in capital	5,629,734	5,894,185
Retained earnings	163,818,152	157,263,556
Cum. trans. adjust.	4,281,748	615,137
Treasury stock	(38,289,031)	(25,097,327)
Total Liabilities & Shareholders' Equity	$ 276,186,658	$ 266,987,904

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.22	7.25
%Net Income to Sales	3.05	4.24
%Net Income to Equity	8.37	10.87
Sales to Inventories	5.01	4.66
Debt to Equity	0.37	0.32
Working Capital	$ 107,575,368	$ 109,933,913
Current Ratio	2.89	3.23
Shareholders' Equity	$ 156,428,812	$ 159,663,760

The L. S. Starrett Company

121 Crescent Street
Athol, Massachusetts 01331-1915
(508) 249-3551

Officers: Douglas R. Starrett, president; George B. Webber, vice president-Webber Gage Division; Douglas A. Starrett, vice president-operations; Charles H. Morrow, vice president-sales; Roger U. Wellington, Jr., treasurer & chief financial officer; Richard W. Baker, controller; Roger Moore, clerk.

Directors: John N. Engelsted, Douglas R. Starrett, George B. Webber, Douglas A. Starrett, J. Richard Bullock, Andrew B. Sides, Jr., Roger U. Wellington, Jr..

Areas of Work: Manufactures and sells electronic gages, dial indicators, precision measuring tools, three-axis coordinate measuring machines, steel tapes, gageblocks, optical measuring tools, granite surface plates, vises, hacksaws, hole saws, band saws and precision ground flat stock.

Subsidiaries:

The L. S. Starrett Co. of Canada Limited
Starrett Industria e Comercio Ltda. (Brazil)
The L. S. Starrett Company Limited (Scotland)
The L. S. Starrett International Company (Barbados)
Evans Rule Company, Inc.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SCX

Number of Employees:

1988	2,797	1985	2,252
1987	2,630	1984	2,114
1986	2,600		

Plant Footage:

1988	1,156,600 sq. ft.	1985	975,200
1987	1,137,200	1984	887,200
1986	1,100,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 169,869,000	$ 15,847,000
1987	142,215,000	14,369,000
1986	123,881,000	12,701,000
1985	118,386,000	12,734,000
1984	105,842,506	8,612,484

	No. of Com. Shares	Earn. per Share ‡
1988	3,452,449	$ 4.57
1987	3,463,362	4.11
1986	3,526,871	3.54
1985	3,637,574	3.43
1984	3,743,605	2.27

‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.17	—	—
1987	1.10	—	
1986	1.08	—	—
1985	1.02	—	—
1984	1.00	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 101,711,000	$ 29.46
1987	87,878,000	25.37
1986	78,908,000	22.37
1985	72,685,000	19.98
1984	79,247,879	21.17

Income Account *
(000's)

Year ended June 30	1988	1987
Net sales	$ 169,869	$ 142,215
Cost of sales	108,969	89,548
Expenses	31,876	26,560
Other expense	4,255	1,734
Income before taxes	$ 24,769	$ 24,373
Income taxes	8,922	10,004
Net Income	$ 15,847	$ 14,369

* Included in Costs and Expenses, Depreciation and Amortization: $5,574,000 in 1988 and $4,701,000 in 1987.

Assets
(000's)

As of June 30	1988	1987
Cash and equivalents	$ 26,376	$ 29,218
Accts. receiv., net	25,384	22,503
*Inventories	54,274	44,751
Prepaid expenses	3,231	3,602
Current Assets	$ 109,265	$ 100,074
#Fixed assets	40,082	36,688
Cost in exc. of assets acq.	9,847	10,118
Other assets	3,994	2,043
Total Assets	$ 163,188	$ 148,923

Liabilities
(000's)

Accts. payable & accruals	$ 15,799	$ 13,628
Accrued wages	4,518	3,616
Employee deposits	1,041	884
Income taxes	6,937	4,613
Curr. Liabilities	$ 28,295	$ 22,741
Long-term debt	28,224	33,909
Deferred inc. taxes	4,958	4,395
+Common stock	3,453	3,463
Add. paid-in capital	21,704	20,117
Retained earnings	83,986	74,484
For. curr. trans. adj.	(108)	(1,777)
ESOP guaranteed bank loan	(7,324)	(8,409)
Total Liabilities & Shareholders' Equity	$ 163,188	$ 148,923

* At lower of cost (primarily LIFO) or market; remainder at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.58	17.14
%Net Income to Sales	9.33	10.10
%Net Income to Equity	15.58	16.35
Sales to Inventories	3.13	3.18
Debt to Equity	0.28	0.39
Working Capital	$ 80,970,000	$ 77,333,000
Current Ratio	3.86	4.40
Shareholders' Equity	$ 101,711,000	$ 87,878,000

Stocker & Yale, Inc.

(Acquired by August Capital in early 1989.)

P.O. Box 494
Route 128 and Brimbal Avenue
Beverly, Massachusetts 01915
(508) 927-3940

Officers: James Bickman, president & treasurer; John H. Rieman, v.p.; Leonidas V. Chalas, v.p.-finance; Norman B. Asher, clerk.

Directors: James Bickman, Norman B. Asher, Harold M. Band, Leonidas V. Chalas, John R. Rieman, Theodore Singer, George F. Stocker.

Areas of Work: Designs, manufactures, assembles and markets products primarily in five industry segments: optical/electronic measuring instruments, machine tool accessories, material handling accessories, pressure control system, and lensatic compasses.

Divisions:

Stilson Division
Fraser, Michigan
Machine tool and material handling accessories for the automotive, appliance, automated and other high production industries.

Die-Draulic Division
Fraser, Michigan
Manufacturer of hydraulic and nitrogen spring structures for use in stamping presses and dies.

Wheatley Division
Fraser, Michigan
Manufacture of die sets.

Subsidiary:

MFE Instruments Corporation
Salem, New Hampshire
Manufactures galvanometers and chart recorder instruments for medical and industrial applications.

Sales & Earnings

	Net Sales	Net Income
1987	$ 14,992,708	$ 1,944,288
1986	14,857,693	1,856,862
1985	13,085,103	2,152,362
1984	7,813,231	1,939,330
1983	7,442,306	1,437,480

	No. of Com. Shares ‡	Earn. per Share †
1987	2,728,316	$ 0.71
1986	2,728,498	0.68
1985	2,728,498	0.79
1984	2,728,498	0.71
1983	2,728,498	0.53

‡ Adjusted to reflect stock split.
† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.180	—	—
1986	0.130	—	
1985	0.080	—	—
1984	0.073	—	—
1983	0.062	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 15,274,468	$ 5.60
1986	13,676,302	5.01
1985	12,053,892	4.42
1984	10,119,810	3.71
1983	8,378,300	3.07

‡ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 14,992,708	$ 14,857,693
Cost of sales	9,553,592	9,331,562
Expenses	2,522,492	2,336,548
Interest expense	162,694	211,300
Interest income	(419,748)	(339,442)
Dividend income	(115,610)	(202,137)
Income before taxes	$ 3,289,288	$ 3,519,862
Income taxes	1,345,000	1,663,000
Net Income	$ 1,944,288	$ 1,856,862

* Included in Costs and Expenses, Depreciation: $385,408 in 1987 and $15,987 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 266,345	$ 249,449
Short-term investment	9,332,756	7,489,743
Receiv., net	2,750,950	2,745,330
*Inventories	3,173,208	3,578,659
Inc. tax refund receiv.	128,448	435,258
Prepaid expenses	126,129	151,635
Current Assets	$ 15,777,836	$ 14,650,074
#Fixed assets	2,180,807	2,581,612
Total Assets	$ 17,958,643	$ 17,231,686

Liabilities

Long-term debt, curr.	$ 120,000	$ 120,000
Notes payable	—	701,340
Accts. payable	557,361	467,949
Accruals	499,031	689,312
Curr. Liabilities	$ 1,176,392	$ 1,978,601
Long-term debt	1,275,000	1,395,000
Deferred inc. taxes	232,783	181,783
+Common stock	1,834,188	1,659,284
+Class A common stock	894,310	1,069,214
Retained earnings	12,638,088	10,947,804
Treasury stock	(92,118)	—
Total Liabilities & Shareholders' Equity	$ 17,958,643	$ 17,231,686

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	21.94	23.69
%Net Income to Sales	12.97	12.50
%Net Income to Equity	12.73	13.58
Sales to Inventories	4.72	4.15
Debt to Equity	0.08	0.16
Working Capital	$ 14,601,444	$ 12,671,473
Current Ratio	13.41	7.40
Shareholders' Equity	$ 15,274,468	$ 13,676,302

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York, Boston, Philadelphia, Pacific.

Ticker Symbol: STK

Storage Technology Corporation

2270 South 88th Street
Louisville, Colorado 80028-4310
(303) 673-5020

Officers: Ryal R. Poppa, chairman, president & chief exec. officer; Robert G. Costain, corp. v.p.-systems development; William R. Mansfield, Jr., exec. v.p.-finance & administration & corp. secretary; Harris Ravine, exec. v.p.-customer satisfaction; James M. MacGuire, exec. v.p.-worldwide field operations; Sewell I. Sleek, corp. v.p.-human resources; Gregory A. Tymn, corp. v.p. & corp. controller; Carl R. Vertuca, Jr., corp. v.p. & treasurer; Timothy D. Hoogheem, corp. controller.

Directors: Ryal R. Poppa, chairman; Richard C. Steadman, Robert E. LaBlanc, Harrison Shull, Robert L. Brueck, Robert A. Burgin, Paul Friedman, Stephen J. Keane, Robert C. Wilson.

Areas of Work: Engaged in the design, development, manufacture, marketing and servicing of information storage and retrieval equipment for use with high-performance computers. Principal products include high-performance tape, disk and printer subsystems.

Subsidiaries:

Media Technology Corporation

Documation Incorporated

Storage Technology Finance Corporation

Storage Technology of Australia Pty. Ltd
586 Pacific Highway
Chatswood, New South Wales 2067, (Sydney) Australia

Storage Technology of Canada, Ltd.
51 International Boulevard
Rexdale/Toronto, Ontario M3W 6H3, Canada

Storage Technology Corporation, S.A.
Zone Industrielle
41 Rue Fourny
78350 BUC, France

Storage Technology Italia S.p.A.
Via Elio Vittorini, 78
Palazzo Uffici
00144 Rome, Italy

Nippon STC Kabushiki Kaisha
Taneda Building, 8F, 2-5, 1-Chome
Moto Akasaka
Minato-Ku, Tokyo 107, Japan

Storage Technology Corporation de Puerto Rico Inc.
Highway 127, Lot #13, P.O. Box 7334
Ltuge Industrial Park
Ponce 00731, Puerto Rico

Documation Mayaguez
STC
Zona Industrial Park
P.O Box 398
Mayaguez 00708, Puerto Rico

Storage Technology (Switzerland) A.G.
Gladbachstrasse 121
Zurich 8044, Switzerland

Storage Technology (Europe) Limited
European Headquarters
17 Old Court Place
Kensington, London W8 4PL, England

Number of Employees:

1988	8,500	1985	8,540
1987	N.A.	1984	14,886
1986	8,608		

Plant Footage:

1988	1,600,000 sq. ft.	1986	2,020,000
1987	N.A.	1985	2,020,000

N.A. - Not Available.

Sales & Earnings

	Revenues (000's)	Net Income ‡ (000's)
1988	$ 873,952	$ 44,235
1987	750,028	(352,113)
1986	696,009	36,180
1985	673,419	(57,437)
1984	808,584	(505,454)

	No. of Com. Shares #	Earn. per Shares ‡ +
1988	228,229,559	$ 0.19
1987	228,074,911	—
1986	N.A.	0.15
1985	N.A.	—
1984	N.A.	—

(Loss)
‡ Including extraordinary charge of $380,739 in 1987 and extraordinary credits of $19,335,000 ($0.07 per share) in 1986 and $2,479,000 in 1985.
# Adjusted to reflect reorganization.
+ Based on the average number of shares outstanding adjusted to reflect reorganization.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 284,383,000	$ 1.25
1987	239,965,000	1.05
1986	(18,060,000)	—
1985	(54,421,000)	—
1984	2,800,000	—

(Deficiency)
‡ Adjusted to reflect reorganization.

Income Account *
(000's)

Year ended	12/30/88	12/25/87
Net sales	$ 578,673	$ 431,007
Other income	295,279	319,021
Total income	$ 873,952	$ 750,028

Cost of sales	605,111	525,144
Expenses	212,488	190,786
Interest expense	48,801	40,016
Interst income	(32,124)	(36,173)
Reorganization costs (gains)	(1,559)	5,654
Income before taxes	$ 41,235	$ 24,601
Income taxes (credit)	(3,000)	3,800
Inc. - cont. oper.	$ 44,235	$ 20,801
Inc. - discont. oper.	—	7,225
Net Income	$ 44,235	$ 28,026
Extraord. charge	—	(380,739)
Cum. effect of change in accntng. meth.	—	600
Net Income & extraord. loss	$ 44,235	$ (352,113)

* Included in Costs and Expenses, Depreciation: $87,742,000 in 1988 and $78,601,000 in 1987.

Assets
(000's)

As of	12/30/88	12/25/87
Cash	$ 123,196	$ 72,832
Short-term invest.	3,839	5,050
Accts. receiv., net	109,887	96,397
Notes receiv., net	12,179	9,524
Sales-type leases	89,625	97,912
*Inventories	91,059	96,518
Current Assets	$ 429,785	$ 378,233
Notes receiv., net	20,171	18,443
Sales-type leases	114,192	126,990
Rental equipment	73,589	72,046
#Fixed assets	154,451	131,601
†Spare parts	42,388	48,259
Other assets	12,902	10,506
Total Assets	$ 847,478	$ 786,078

Liabilities
(000's)

Long-term debt, curr.	$ 45,228	$ 41,373
Accts. payable	29,911	23,934
Accruals	117,720	114,893
Income taxes	11,393	12,346
Def. income taxes	—	2,584
Curr. Liabilities	$ 204,252	$ 195,130
Long-term debt	357,282	348,258
Deferred income taxes	1,561	2,725
+Common stock	2,282	2,280
Add. paid-in capital	872,442	872,261
Retained earnings (deficit)	(590,111)	(634,346)
Treasury stock	(230)	(230)
Total Liabilities & Shareholders' Equity	$ 847,478	$ 786,078

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
† Less accumulated amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.72	—
%Net Income to Sales	5.06	—
%Net Income to Equity	15.55	11.68
Debt to Equity	1.42	1.62
Working Capital	$ 225,533,000	$ 183,103,000
Current Ratio	2.10	1.94
Shareholders' Equity	$ 284,383,000	$ 239,965,000

Stratus Computer, Inc.

55 Fairbanks Boulevard
Marlboro, Massachusetts 01752
(508) 460-2000

Officers: William E. Foster, president & chief executive officer; James E. D. Austin, sr. v.p.-manufacturing; John H. Curtis, sr. v.p.-sales; Robert A. Freiburghouse, sr. v.p.-engineering; William H. Thompson, sr. v.p.-marketing; Gary E. Haroian, sr. v.p.-finance & administration & chief financial officer; William B. Elliott, v.p.-market planning; Michael J. Grady, v.p.-major account engineering; William J. McBride, v.p.-hardware engineering; Gary H. Okimoto, v.p.-software engineering; J. Donald Oldham, v.p.-new business development; Joseph W. Sullivan, v.p.-manufacturing operations; Paul R. Tucker, v.p.-North American sales; Robert E. Donahue, v.p. & corp. controller; Greg A. Sheard, v.p.-customer service.

Directors: Alexander V. d'Arbeloff, Paul J. Ferri, William E. Foster, Gardner C. Hendrie, J. Burgess Jamieson, Robert M. Morrill.

Areas of Work: Designs, manufactures, markets and services a family of fault-tolerant Continuous Processing Systems for on-line transaction processing and communications control.

Subsidiaries:

Stratus Computer Corp.
120 Adelaide Street West
Suite 2000
Toronto, Ontario M5H 1H, Canada
(416) 947-9504

Stratus Computer, OY
Malmin Kauppatie 8
00700 Helsinki, Finland
358-0-35-11144

Stratus Computer, S.A.
Calle Antonio Maura 4
28014 Madrid, Spain
34-1-531-5445

Stratus Computer, Limited
30 Cannon Street
London EC4M 6XH, England
44-1-248-8383

Stratus Computer
Tour Leopold, 4th Floor
Rue de Geneve 10
1140 Brussels, Belgium
322-242-4119

Stratus Computer S.A.
14 Rue de Prony
75017 Paris, France
33-1-426-70303

Stratus Computer, GmbH
Frankfurter Strasse 63-69
6236 Eschborn TS, Federal Republic of Germany
49-6196-47250

Stratus Computer (Hong Kong) Limited
3501 One Exchange Place
Central, Hong Kong
852-5-844-5200

Stratus Japan, K.K.
Shoei Rokubancho Building 4F
6 Rokubancho, Chiyoda-ku
Tokyo 102, Japan
81-3-234-5301

Stratus Computer B.V.
P.O. Box 1300
3600 BH Maarssen
The Netherlands
31-3465-7444

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: STRA (NASDAQ)

Number of Employees:

1988	1,711	1985	775
1987	1,224	1984	432
1986	1,069		

Plant Footage:

1988 .... 427,313 sq. ft.

Sales & Earnings

	Revenues	Net Income
1988	$ 265,314,000	$ 29,344,000
1987	184,150,000	19,395,000
1986	124,559,000	13,519,000
1985	80,164,000	8,615,000
1984	42,140,000	5,414,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	20,257,000	$ 1.45
1987	19,974,000	0.97
1986	19,391,000	0.70
1985	19,133,000	0.45
1984	18,715,000	0.29

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 138,985,000	$ 6.86
1987	102,360,000	5.12
1986	75,698,000	3.90
1985	59,403,000	3.10
1984	49,145,000	2.63

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	1/1/89	1/3/88
Revenues:		
Product	$ 233,074	$ 164,019
Service	32,240	20,131
Total income	$ 265,314	$ 184,150
Cost of sales	104,527	66,869
Expenses:		
Res. & develop.	30,558	18,909
Sell., gen. & adm.	85,113	67,585
Other income	(729)	(833)
Income before taxes	$ 45,845	$ 31,620
Income taxes	16,501	12,225
Net Income	$ 29,344	$ 19,395

* Included in Costs and Expenses, Depreciation and Amortization: $11,687,000 in 1988 and $8,445,000 in 1987.

Assets
(000's)

As of	1/1/89	1/3/88
Cash & short-term invest.	$ 28,350	$ 32,423
Accts. receiv., net	74,887	51,833
*Inventories	45,494	27,651
Other curr. assets	3,174	2,394
Current Assets	$ 151,905	$ 114,301
#Fixed assets	41,806	28,549
Other assets	6,076	2,579
Total Assets	$ 199,787	$ 145,429

Liabilities
(000's)

Cap. lease oblig., curr.	$ 2,765	$ 1,950
Accts. payable	12,390	5,526
Accrued payroll	8,732	8,077
Other accruals	9,841	7,757
Income taxes	16,904	13,602
Curr. Liabilities	$ 50,632	$ 36,912

Cap. lease oblig.		10,170		6,157
+Common stock		196		191
Add. paid-in capital		65,068		57,697
Retained earnings		73,947		44,603
Cum. trans. adjust.		(226)		(131)
Total Liabilities & Shareholders' Equity	$	199,787	$	145,429

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues		17.28		17.17
%Net Income to Revenues		11.06		7.27
%Net Income to Equity		21.11		13.09
Debt to Equity		0.09		0.08
Working Capital	$	101,273,000	$	77,389,000
Current Ratio		3.00		3.10
Shareholders' Equity	$	138,985,000	$	102,360,000

Sun Electric Corporation

One Sun Parkway
Crystal Lake, Illinois 60014
(815) 459-7700

Officers: D. Barry Davis, chairman of the board, president & chief executive officer; H. Allan Stark, sr. v.p.-legal & human resources & secretary; Craig A. Loomis, sr. v.p.-U.S. Automotive operations; Michael P. Nicholas, v.p.-U.S. materials mgmt. & mfg. operations & president-Suntronic Systems; Peter T. Shukas, v.p.-personnel; Martin M. Ellen, v.p. & chief financial officer; Ronald J. Ortiz, v.p., & president-Sun Electric Europe.

Directors: D. Barry Davis*, chairman; C.J. Gauthier*, Julius Lewis*, Gerald A. Kien*, H. Allan Stark, Craig A. Loomis, Lee N. Mortenson*, Reginald R. Baxter.

* Member of the Executive Committee

Areas of Work: Engaged in the design, manufacture and marketing of diagnostic, test and service equipment for the transportation industry, utilizing microcomputer applications and advanced electronics. The company serves primarily the vehicle service industry, consumers, and motor vehicle manufacturers in more than 100 countries. Sun Electric's product line includes engine and emissions analyzers; wheel service equipment, including balancers, aligners and brake service equipment; a line of hand-held engine test equipment for home mechanics and repair professionals; and air conditioning and electrical systems testers. These products aid in vehicle maintenance, improve fuel economy, monitor exhaust emissions and check compliance with safety standards. The Company also markets management systems for retail petroleum and convenience store operations.

Divisions and Subsidiaries:

Suntronic Systems Division
Crystal Lake, Illinois

Vehicle Test Technology, Inc. (50%-owned)
Bellevue, Washington
Operates vehicle emission inspection stations in the State of Washington.

Sun Electric do Brasil Comercio e
Industria Limitada
Sao Paulo, Brazil

Sun Electric Europe B.V.
Amsterdam, The Netherlands

Sun Electric Austria GmbH
Vienna, Austria

Suntester (Aust.) Pty. Ltd.
Sydney, Austria

Sun Electric de Mexico S.A. de C.V.
Mexico City, Mexico

Sun Electric U.K. Limited
King's Lynn, Norfolk, England

Sun Electric Belgium N.V.
Antwerp, Belgium

Sun Electric Nederland B.V.
Amsterdam, The Netherlands

Sun Electric Deutschland GmbH
Dusseldorf, West Germany

Sun Automotive Equipment (Canada) Ltd.
Toronto, Ontario, Canada

Sun Electric Systems B.V.
Weesp, The Netherlands

Musashi Sun Electric K.K.
Toyko, Japan

Transfer Agent(s):

Harris Trust & Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Stock Exchange(s): New York

Ticker Symbol: SE

Number of Employees:

1988	2,447	1985	2,505
1987	2,441	1984	2,752
1986	2,506		

Plant Footage:

1988	677,400 sq. ft.	1985	705,700
1987	695,400	1984	953,700
1986	755,400		

Sales & Earnings

		Net Sales +		Net Income #
1988	$	190,032,000	$	(4,223,000)
1987		203,904,000		4,951,000
1986		176,998,000		1,932,000
1985		164,296,000		(9,485,000)
1984		176,472,000		(5,099,000)

	No. of Com. Shares †		Earn. per Share #†
1988	6,898,000	$	—
1987	7,054,000		0.70
1986	6,808,000		0.28
1985	6,540,000		—
1984	6,500,000		—

(Loss)
+ Of continuing operations only.
# Including extraordinary gains of $1,688,000 ($0.24 per share) in 1987 and $557,000 ($0.08 per share) in 1986.
† Based on the average number of shares outstanding.

Common Stock Equity

		Total Equity		Equity Per Share
1988	$	75,369,000	$	10.74
1987		80,410,000		11.47
1986		71,430,000		10.16
1985		64,475,000		9.83
1984		72,181,000		11.07

Income Account *

Year ended		12/31/88		10/31/87
Net sales	$	190,032,000	$	203,904,000
Cost of sales		104,364,000		113,580,000
Expenses		79,943,000		78,517,000
Restruc. charges		2,200,000		—
Interest expense		3,573,000		4,952,000
Foreign curr. trans. losses (gains)		1,071,000		(310,000)
Earn. of unconsol. affil.		(542,000)		(403,000)
Other expense (income)		679,000		(13,000)
Income (loss) bef. taxes	$	(1,256,000)	$	7,581,000
Income taxes		2,967,000		4,318,000
Net Income (Loss)	$	(4,223,000)	$	3,263,000
Extraord. gain		—		1,688,000
Net Income (Loss) & extraord. gain	$	(4,223,000)	$	4,951,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,632,000 in 1988 and $5,092,000 in 1987.

Assets

As of Dec. 31		1988		1987
Cash	$	573,000	$	3,350,000
Short-term invest.		2,183,000		3,429,000
Accts. receiv., net		46,577,000		46,368,000
*Inventories		77,086,000		70,104,000
Current Assets	$	126,419,000	$	123,251,000
Investments & advances		1,701,000		1,820,000
#Fixed assets		27,222,000		27,290,000
Other assets		5,120,000		6,738,000
Total Assets	$	160,462,000	$	159,099,000

Liabilities

Notes payable	$	11,246,000	$	9,645,000
Accts. payable		13,787,000		10,471,000
Accrued payroll		6,484,000		4,745,000
Accrued taxes		2,570,000		2,108,000
Deferred revenues		3,872,000		4,095,000
Other accruals		10,153,000		8,000,000
Income taxes		1,451,000		947,000
Curr. Liabilities	$	49,563,000	$	40,011,000
Long-term debt		35,530,000		40,976,000
+Common stock		7,308,000		7,095,000
Add. paid-in capital		46,786,000		44,580,000
Retained earnings		21,412,000		25,979,000
Treasury stock		(2,104,000)		(2,104,000)
Cum. translation adjustment		1,967,000		2,562,000
Total Liabilities & Shareholders' Equity	$	160,462,000	$	159,099,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales		—		3.72
%Net Income to Sales		—		1.60
%Net Income to Equity		—		4.18
Sales to Inventories		2.47		2.91
Debt to Equity		0.62		0.65
Working Capital	$	76,856,000	$	83,240,000
Current Ratio		2.55		3.08
Shareholders' Equity (as of Dec. 31)	$	75,369,000	$	78,112,000

Sunair Electronics, Inc.

3101 Southwest Third Avenue
Fort Lauderdale, Florida 33315
(305) 525-1505

Officers: Robert Uricho, Jr., chiarman of the board, president & chief exec. officer; Sue A. Steadman, v.p.-sales administration; William R. Dawes, secretary & general counsel; Richard H. Hoster, sr. v.p. & chief financial officer; George V. Lennon, III, v.p. & gen. mgr.; James E. Laurent, v.p.-marketing.

Directors: Robert Uricho, Jr., chairman; Everett A. Cooper, William R. Dawes, Earl M. Anderson, Jr., Thomas J. Seward, II, Robert R. Williams.

Areas of Work: Engaged in the design, manufacture and sale of high-frequency single sideband communications equipment utilized for long-range voice and data communications in fixed station, airborne, mobile and marine applications.

Subsidiaries:

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SNRU (NASDAQ)

Number of Employees:

1988	92
1987	83
1986	120
1985	126
1984	137

Plant Footage:

1988	67,700 sq. ft.
1987	67,700
1986	67,700
1985	67,700
1984	80,000

Sales & Earnings

	Net Sales	Net Income
1988	$ 5,164,558	$ 989,504
1987	7,684,465	1,624,201
1986	7,383,149	1,470,751
1985	8,150,233	2,041,226
1984	14,374,123	2,488,086

	No. of Com. Shares #	Earn. per Share #
1988	3,933,696	$ 0.25
1987	4,543,319	0.36
1986	4,704,464	0.31
1985	4,736,079	0.43
1984	4,737,930	0.53

# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.63 *	—	—
1987	0.24	—	
1986	0.24	—	—
1985	0.24	—	—
1984	0.24	—	—

* Including a special dividend of $1.63.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 11,371,988	$ 2.89
1987	20,470,380	4.62
1986	21,039,851	4.58
1985	21,356,877	4.53
1984	20,566,544	4.33

Income Account

Year ended Sept. 30	1988	1987
Net sales	$ 5,164,558	$ 7,684,465
Cost of sales	2,791,589	4,609,170
Expenses	1,830,812	1,841,154
Dividend income	—	(43,282)
Interest income	(708,216)	(842,862)
Other expense (income)	24,859	(13,369)
Gain on sale of eq. secur.	—	(40,547)
Income before taxes	$ 1,225,514	$ 2,174,201
Income taxes	236,010	550,000
Net Income	$ 989,504	$ 1,624,201

* Included in Costs and Expenses, Depreciation and Amortization: $214,285 in 1988 and $209,868 in 1987.

Assets

As of Sept. 30	1988	1987
Cash & short-term invest.	$ 911,552	$ 4,969,574
Accts. receiv., net	1,071,601	1,664,830
*Inventories	6,737,440	5,053,939
Prepaid expenses	62,463	207,729
Current Assets	$ 8,783,056	$ 11,896,072
#Fixed assets	1,236,786	1,312,389
Investments	2,003,200	7,938,587
Other assets	1,000	1,050
Total Assets	$ 12,024,042	$ 21,148,098

Liabilities

	1988	1987
Accts. payable	$ 349,950	$ 512,406
Accruals	302,104	165,312
Curr. Liabilities	$ 652,054	$ 677,718
+Common stock	480,074	480,074
Add. paid-in capital	2,610,798	2,609,239
Reteined earnings	13,242,863	19,605,282
Treasury stock	(4,961,747)	(2,224,215)
Total Liabiiities & Shareholders' Equity	$ 12,024,042	$ 21,148,098

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	23.73	28.29
%Net Income to Sales	19.16	21.14
%Net Income to Equity	8.70	7.93
Sales to Inventories	0.77	1.52
Working Capital	$ 8,131,002	$ 11,218,354
Current Ratio	13.47	17.55
Shareholders' Equity	$ 11,371,988	$ 20,470,380

Sundstrand Corporation

4949 Harrison Avenue
P.O. Box 7003
Rockford, Illinois 61125-7003
(815) 226-2500

Officers: Don R. O'Hare, chairman of the board; Harry C. Stonecipher, president & chief executive officer; Robert J. Smuland, group v.p.-advanced technology; Philip W. Polgreen, v.p.-personnel & public relations; Kenelm A. Groff, v.p.-administration; Richard M. Schilling, v.p., general counsel & secretary; Paul Donovan, v.p.-finance; Stanley F. Moeschl, group v.p.-data control; Bernard L. Weiss, v.p.-contracts & compliance; DeWayne J. Fellows, controller.

Directors: Don R. O'Hare, chairman; Klaus Murmann, Donald E. Nordlund, Robert C. Hyndman, John A. Puelicher, Thomas G. Pownall, Thomas L. Martin, Jr., Ward Smith, Harry C. Stonecipher.

Areas of Work: The Company's operations can be divided into three groups: power transmission, fluid and heat transfer, and aerospace. Power transmission activities include the manufacture of mechanical power transmissions and couplings for stationary units and marine propulsion drives; hydraulic gear pumps and motors; and controls for a variety of work vehicles and industrial equipment. The aerospace segment manufactures voice and data recorders, tape transport units, navigation systems and data banks, ground proximity warning systems, stall warning systems, controls to supply electrical power for aircraft and related products. The fluid and heat transfer group is engaged in the manufacture of high speed centrifugal pumps and blowers, fuel oil pumps, and heating and cooling components.

Divisions and Subsidiaries:

Sundstrand Hydraulics
2210 Harrison Avenue
Rockford, Illinois 61101
(815) 226-6000

Sundstrand Hydratec

Sundstrand Fluid Handling
14845 W. 65th Avenue
Arvada, Colorado
(303) 425-0800

The Falk Corporation
P.O. Box 492
Milwaukee, Wisconsin 53201
(414) 342-3131

The Falk Corporation
Auburn Operation
P.O. Box 1387
Auburn, Alabama 36830
(205) 821-9100

Sunstrand Heat Transfer, Inc.
P.O. Box 530
Dowagiac, Michigan 49047
(616) 782-2141

Sundstrand Tubular Products, Inc.
P.O. Box 636
Camdenton, Missouri 65020
(314) 346-5593

Sundstrand Energy Systems
Rockford, Illinois

Sundstrand Advanced Technology

Sundstrand Data Control, Inc.
Overlake Induatrial Park
Redmond, Washington 98052
(206) 885-3711

Trans Com. Division of Sundstrand Data Control, Inc.
3100 Pullman Avenue
Costa Mesa, California 92626
(714) 979-2600

Falk Canada Inc.
Toronto, Ontario, Canada

Falk do Brasil Equipanmentos Industrias Ltda.
San Paulo, Brazil

Mecanica Falk, S.A. de C.V.
(49%) owned
Mexico City, Mexico

Sundstrand Pacific (Pte.) Ltd.
Singapore, Republic of Singapore

Sundstrand France
Dijon, France

Nikkiso-Sundstrand Company Limited
(50% owned)
Toyko, Japan

Munck-Sundstrand Transmissoes Hidro Staticas Ltda.
(40% owned)
Sao Paulo, Brazil

Global-Wulfsberg Systems
Irvine, California
Markets specialized communication systems.

Sullair Corporation
Manufactures rotary screw compressors and systems for air, gas, process and refrigeration applications.

Signatron, Inc.
Lexington, Massachusetts
Engaged in specialized communication products and custom engineering in radar, communication, computer simulation, software, signal processing, and electronic warfare equipment.

Sundstrand Turbomach
San Diego, California
Manufacturer of small, lightweight gas turbine engines for airborne, ground, and vehicular power units.

Transfer Agent(s):

The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: SNS

Number of Employees:

1988	13,800	1985	16,100
1987	14,200	1984	15,200
1986	16,000		

Plant Footage:

1988	N.A.	1985	7,796,000
1987	7,285,000 sq. ft.	1984	7,371,000
1986	6,992,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 1,477,289	$ (76,643)
1987	1,365,482	34,635
1986	1,433,940	45,400
1985	1,284,141	74,448
1984	1,041,948	66,412

	No. of Com. Shares #	Earn. per Share #
1988	18,473,000	$ —
1987	18,726,000	1.85
1986	18,733,000	2.42
1985	18,533,000	4.02
1984	18,300,000	3.63

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Aerospace	$ 1,021,965	$ 990,948
Industrial	455,324	374,534
Total	$ 1,477,289	$ 1,365,482

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.80	—	—
1987	1.80	—	
1986	1.80	—	—
1985	1.80	—	—
1984	1.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 489,508,000 ‡	$ 26.50
1987	594,988,000	31.77
1986	604,669,000	32.28
1985	589,129,000	31.79
1984	535,785,000	29.28

‡ After allowing for preferred stock at stated value.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 1,477,289	$ 1,365,482
Cost of sales	1,027,733	911,471
Expenses	339,063	332,654
Aerospace loss provision	—	34,200
Gov't contract disputes prov.	125,900	—
Interest expense	105,389	66,556
Royalties & commissions	(2,821)	(2,682)
Interest income	(48,738)	(35,628)
Other expense	10,971	2,931
Income (loss) bef. taxes	$ (80,208)	$ 55,980
Income taxes (credit)	(30,100)	21,345
Cum. effect of acct. change	26,535	—
Net Income (Loss)	$ (76,643)	$ 34,635

* Included in Costs and Expenses, Depreciation and Amortization: $96,238,000 in 1988 and $88,970,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 36,654	$ 13,520
Accts. receiv., net	291,482	244,427
*Inventories	390,116	443,527
Def. inc. taxes	86,091	16,927
Other curr. assets	46,255	24,347
Current Assets	$ 850,598	$ 742,748
#Fixed assets	478,792	502,628
Leased equipment	27,291	25,457
Intangibles	108,804	116,008
Other assets	101,545	118,015
Total Assets	$ 1,567,030	$ 1,504,856

Liabilities
(000's)

Notes payable	$ 61,691	$ 66,346
Long-term debt, curr.	48,344	21,058
Accts. payable	111,651	92,321
Accrued payroll	23,372	40,791
Contrib. due retirement plans	18,643	20,527
Prov. for losses on contracts	72,618	—
Gov't. contr. disputes prov.	57,800	11,300
Other accruals	117.514	127,890
Current Liabilities	$ 511,633	$ 380,233
Gov't contract disputes prov.	—	50,200
Long-term debt	259,456	278,902
Deferred inc. taxes	206,433	200,533
+Preferred stock	100,000	—
++Common stock	18,921	18,921
Add. paid-in capital	133,506	132,077
Retained earnings	367,706	477,621
Foreign currency translation adjustment	(5,657)	(6,070)
Treasury stock	(16,335)	(19,555)
Unamortized value of restricted stock issue	(8,633)	(8,006)
Total Liabilities & Shareholders' Equity	$ 1,567,030	$ 1,504,856

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $100,000 stated value. Variable rate dividend.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.10
%Net Income to Sales	—	2.54
%Net Income to Equity	—	5.82
Sales to Inventories	3.79	3.08
Debt to Equity	0.63	0.62
Working Capital	$ 338,965,000	$ 362,515,000
Current Ratio	1.66	1.95
Shareholders' Equity	$ 589,508,000	$ 594,988,000

The Superior Electric Company

383 Middle Street
Bristol, Connecticut 06010
(203) 582-9561

Officers: Maurice P. Andrien, Jr., president & chief executive officer; Martin Kaplan, v.p.-research & development; Frank S. Doyle, sr. v.p. & chief financial officer; Phil L. Ferrari, treasurer & asst. secretary; Harold W. Lorenson, v.p. & pres.-Specialty Products Division; A. Keith Drewett, v.p.-marketing & sales; Donald S. McCoy, v.p.-research & engineering; Robert L. Rosensweig, secretary; Dennis M. Newman, asst. treasurer.

Directors: Maurice P. Andrien, Jr.*, Betty H. Jerome*, Donald A. Nelson*, Richard B. Nelson, James R. Dempsey, John B. Krauss, Stephen J. Raffay, Gerald L. Wilson, Alfred B. Nelson.

* Member of the Executive Committee

Areas of Work: Engaged in the design, engineering, manufacturing and marketing of a range of electronic products, voltage controls and motion controls. Voltage controls include variable transformers, automatic voltage regulators, uninterruptible power supply/conditioners, light controls, electrical connectors and frequency converters. Motion controls include synchronous motors, d-c stepping motors, and stepping control devices.

Subsidiaries:

Unitron Incorporated
10925 Miller Road
Dallas, Texas 75238
Supplies solid state frequency converters.

Electro-Kinesis, Inc.
Bristol, Connecticut 06010
Design, production and marketing of encoders, rotors and other motor components made from Telsan, an advanced magnetic material.

The American Superior Electric Company, Limited
38 Torlake Crescent
Toronto, Ontario MBZ 1B3, Canada

Superior Electric Nederland B.V.
Koperwerf 33
2544 EM The Hague, The Netherlands

Superior Electric G.m.b.H.
Frankfurt, Germany

Superior Electric Engineering Services, B.V.
Harlow, Essex, England

Superior Electric International Sales Company
Bristol, Connecticut 06010

Superior Electric S.A.R.L.
Paris, France

Transfer Agent(s):

The Connecticut Bank & Trust Company
Hartford, Connecticut

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SUPE (NASDAQ)

Number of Employees:

1988	N.A.	1986	814
1987	667	1985	900

N.A. - Not Available.

Plant Footage:

1988	465,500 sq. ft.	1986	465,500
1987	465,500	1985	400,000

Sales & Earnings

		Net Sales		Net Income
1988	$	58,659,000	$	(1,800,000)
1987		52,221,000		(638,000)
1986		52,077,000		(4,487,000)
1985		49,537,000		(496,000)
1984		56,096,000		2,872,000

	No. of Com. Shares ‡		Earn. per Share ‡
1988	2,881,833	$	—
1987	2,870,592		—
1986	2,864,263		—
1985	2,861,632		—
1984	2,852,938		1.01

(Loss)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues by Line of Business

		1988		1987
Voltage control	$	26,898,000	$	23,357,000
Motion control		31,761,000		28,864,000
Total	$	58,659,000	$	52,221,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	10%	—
1984	—	5%	—

Common Stock Equity

		Total Equity		Equity Per Share †
1988	$	18,665,000	$	6.45
1987		20,473,000		7.12
1986		20,312,000		7.09
1985		24,054,000		8.40
1984		23,869,000		8.36

† Adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31		1988		1987
Net sales	$	58,659,000	$	52,221,000
Cost of sales		39,338,000		33,570,000
Expenses		15,340,000		13,383,000
Product develop.		3,406,000		4,645,000
Interest expense		2,097,000		1,729,000
Other expense (income)		45,000		(3,452,000)
Provision for restructuring		—		2,651,000
Loss bef. taxes	$	(1,567,000)	$	(305,000)
Income taxes		233,000		333,000
Net Loss	$	(1,800,000)	$	(638,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,884,000 in 1988 and $1,968,000 in 1987.

Assets

As of Dec. 31		1988		1987
Cash	$	2,407,000	$	1,724,000
Accts. receiv., net		14,343,000		11,257,000
*Inventories		18,695,000		17,721,000
Other current assets		1,125,000		1,232,000
Refundable inc. taxes		171,000		467,000
Current Assets	$	36,741,000	$	32,401,000
#Fixed assets		13,755,000		13,987,000
Other assets		2,021,000		2,069,000
Total Assets	$	52,517,000	$	48,457,000

Liabilities

Notes payable	$	6,997,000	$	2,279,000
Long-term debt, curr.		1,168,000		1,147,000
Accts. payable		4,757,000		3,349,000
Accrued pension		1,254,000		1,133,000
Accrued payroll & compen.		920,000		591,000
Income taxes		166,000		345,000
Other taxes		611,000		626,000
Other accruals		1,116,000		1,305,000
Curr. Liabilities	$	16,989,000	$	10,775,000
Long-term debt		15,412,000		16,486,000
Other liabilities		1,451,000		723,000
+Common stock		2,896,000		2,874,000
Add. paid-in capital		17,916,000		17,748,000
Retained earnings (def.)		(2,924,000)		(1,124,000)
Eq. adjust. from for. curr. trans.		777,000		975,000
Total Liabilities & Shareholders' Equity	$	52,517,000	$	48,457,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories		3.14		2.95
Debt to Equity		1.26		0.97
Working Capital	$	19,752,000	$	21,626,000
Current Ratio		2.16		3.01
Shareholders' Equity	$	18,665,000	$	20,473,000

Survival Technology, Inc.

8101 Glenbrook Road
Bethesda, Maryland 20814
(301) 656-5600

Officers: Stanley J. Sarnoff, chairman of the board, chief exec. officer & president; Elliot Bartner, v.p.-new antidotes; Douglas J. Greenwold, v.p.-planning & development; Cabot R. Caskie, exec. v.p. & chief operating officer; Jeffrey W. Church, v.p.-finance & chief financial officer; Napoleon Monroe, v.p. & secretary; Gerlof Homan, v.p.-research & development; William J. Milinchuk, v.p.-pharmaceutical division; Herbert Reinhold, emergency care products division; Sharon A. Santa, v.p.-outpatient care division; Doris L. Geier, asst. secretary; Maria Cristina D'Erasmo, asst. treasurer.

Directors: Stanley J. Sarnoff*, chairman; Robinson Bosworth, Jr., Robert E. Herzstein*, Brian H. Dovey, Bruce M. Dresner, Cabot R. Caskie, George S. Blanchard, Paul H. Way.

* Member of the Executive Committee

Areas of Work: Develops, manufactures and sells syringes, electronic cardiac monitoring equipment, automatic injectors, and emergency care products.

Divisions:

Pharmaceutical Division
2555 Hermelin Drive
St. Louis, Missouri

Outpatient Care Division
Bethesda, Maryland

Emergency Care Products Division
Bethesda, Maryland

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-counter

Ticker Symbol: SURV (NASDAQ)

Number of Employees:

1988	230	1985	N.A.
1987	279	1984	233
1986	337		

N.A. - Not available.

Plant Footage:

1988	120,900 sq. ft.	1985	N.A.
1987	120,900	1984	97,400
1986	88,000		

N.A. - Not available.

Sales & Earnings

		Net Sales		Net Income †
1988	$	26,732,000	$	(452,900)
1987		27,789,000		316,500
1986		30,781,000		(769,800)
1985		26,809,000		(908,400)
1984		24,265,000		(766,600)

	No. of Com. Shares ‡		Earn. per Share ‡
1988	2,815,000	$	—
1987	2,794,000		0.11
1986	2,781.000		—
1985	2,652,000		—
1984	2,629,000		—

(Loss)
† Including extraordinary gain of $137,000 ($0.05 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1986
Military automatic injectors	61 %	70 %
Syringe prods. & serv.	21	13
Emergency care prods.	10	10
Cardiac monitoring serv.	8	7
Operations sold	—	—
Other	—	—
Total	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 6,538,900	$ 2.32
1987	6,265,100	2.24
1986	5,727,800	2.06
1985	6,243,700	2.35
1984	6,996,600	2.66

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended July 31	1988	1987
Net sales	$ 26,732,400	$ 27,789,200
Cost of sales	17,198,600	17,703,700
Expenses	7,302,600	7,523,700
Depreciation & amortization	1,414,400	1,253,700
Restruc. charges	277,500	529,300
Interest expense	973,800	1,025,400
Other income	(495,300)	(513,100)
Royalty expense	513,700	555,800
Gain on dispos. of oper.	—	(605,800)
Income (loss) bef. taxes	$ (452,900)	$ 316,500
Income taxes	—	137,000
Net Income (Loss)	$ (452,900)	$ 179,500
Extraord. gain	—	137,000
Net Income (Loss) & extraord. gain	$ (452,900)	$ 316,500

Assets

As of July 31	1988	1987
Cash	$ 90,700	$ 183,200
Receivables, net	5,319,200	8,175,800
*Inventories	3,779,000	4,402,200
Prepaid expenses & deposits	930,500	684,000
Current Assets	$ 10,119,400	$ 13,445,200
#Fixed assets	7,614,000	7,237,400
Intangibles	578,300	658,100
Other assets	255,800	709,500
Total Assets	$ 18,567,500	$ 22,050,200

Liabilities

Notes payable	$ 4,450,000	$ 6,975,000
Long-term debt, curr.	1,929,800	561,600
Accts. payable	1,877,400	2,734,300
Accruals	570,200	422,800
Customer deposits	423,700	604,200
Curr. Liabilities	$ 9,251,100	$ 11,297,900
Long term debt	2,448,000	4,377,600
Other liabilities	329,500	109,600
+ Common stock	281,500	273,300
Add. paid-in capital	2,808,100	2,089,600
Retained earnings	3,449,300	3,902,200
Total Liabilities & Shareholders' Equity	$ 18,567,500	$ 22,050,200

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.14
%Net Income to Sales	—	0.65
%Net Income to Equity	—	2.87
Sales to Inventories	7.07	6.31
Debt to Equity	1.35	1.90
Working Capital	$ 868,300	$ 2,147,300
Current Ratio	1.09	1.19
Shareholders' Equity	$ 6,538,900	$ 6,265,100

Sykes Datatronics, Inc.

375 Orchard Street
Rochester, New York 14606
(716) 458-8000

Officers: William S. Christiansen, chairman, president & chief executive officer; William A. Jenny, treasurer; Mary G. Islas, secretary.

Directors: Robert F. Sykes, William S. Christiansen, Mary G. Islas, David Lamb, James E. Van Slooten, Robert Oppenheimer, Mario Silverstrone.

Areas of Work: Engaged in the design, development, manufacture and marketing of microprocessor-based equipment for use in data communication and information processing applications.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	55	1985	275
1987	79	1984	447
1986	69		

Plant Footage:

1988	51,200 sq. ft.	1985	125,000
1987	51,200	1984	190,000
1986	51,200		

Sales & Earnings

	Net Sales	Net Income †
1988	$ 4,411,000	$ (868,000)
1987	4,916,000	(775,000)
1986	8,026,000	(17,646,000)
1985	20,235,000	(14,015,000)
1984	33,883,000	(3,863,000)

	No. of Com. Shares #	Earn. per Share #
1988	12,979,982	$ —
1987	12,942,434	—
1986	12,842,949	—
1985	12,826,549	—
1984	12,786,179	—

(Loss)
† Including extraordinary gains of $787,630 in 1988 and $472,623 in 1987.
# Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ (1,737,090)	$ —
1987	(776,000)	—
1986	(55,000)	—
1985	17,808,000	1.39
1984	31,616,000	2.47

(Deficiency).
‡ Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Feb. 28	1988	1987
Net sales	$ 4,410,864	$ 4,916,206
Cost of sales	2,065,122	2,696,834
Expenses	3,942,268	3,127,937
Interest expense	189,819	385,622
Other income	(131,148)	(46,916)
Net Loss	$ (1,655,197)	$ (1,247,271)
Extraord. gain	787,630	472,623
Net Loss & extraord. gain	$ (867,567)	$ (774,648)

* Included in Costs and Expenses, Depreciation: $648,017 in 1988 and $517,241 in 1987.

Assets

As of Feb. 28	1988	1987
Cash & short-term invest.	$ 222,650	$ 235,702
Accts. receiv., net	276,901	512,762
Leases receivable	109,579	163,820
*Inventories	410,571	587,792
Other curr. assets	44,654	73,840
Current Assets	$ 1,064,355	$ 1,573,916
#Fixed assets	746,017	1,034,068
Leases receiv.	69,898	—
Other assets	25,642	1,509,752
Total Assets	$ 1,905,912	$ 4,117,736

Liabilities

Long-term debt, curr.	$ 41,155	$ 71,988
Accts. payable	267,616	148,257
Accruals	304,002	235,143
Liab. to unsecured creditors	—	336,120
Curr. Liabilities	$ 612,773	$ 791,508
Liab. pre-bankruptcy petition	1,500,000	4,031,302
Long-term debt	30,229	71,067
Convert. deben.	1,500,000	—
+ Common stock	1,299,451	1,296,545
Add. paid-in capital	21,578,633	21,674,921
Retained earnings (deficit)	(24,615,174)	(23,747,607)
Total Liabilities & Shareholders' Equity	$ 1,905,912	$ 4,117,736

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	10.74	8.36
Working Capital	$ 451,582	$ 782,402
Current Ratio	1.74	1.99
Shareholders' Equity (Deficiency)	$ (1,737,090)	$ (776,141)

Tab Products Co.

1400 Page Mill Road
Palo Alto, California 94304
(415) 852-2400

Officers: Harry W. Le Claire, chairman & chief exec. officer; Dennis R. Searles, president & chief operating officer; W. Brandt Brooksby, v.p. finance & administration & secretary; Michael A. Dering, v.p. sales & national sales mgr.; Kurt Lein, v.p.-international operations; John Petry, v.p.-manufacturing & distribution; Frank F. DeSafey, v.p.-marketing & sales development; David A. Price, v.p.-field sales, Eastern Region; Michael D. Skelton, v.p. & general mgr.-laser-optic filing systems; William Bradley, corp. controller; R.J. Sexton, treasurer & asst. sec..

Directors: Harry W. Le Claire*, chairman of the board; Francis S. Foote, Jr., James D. MacConnell*, C. Lester Hogan, Robert Augsburger, Charles D. Means, Donald E. Moffitt*, Dennis Searles.

* Member of the Executive Committee

Areas of Work: Develops, manufactures and markets optical disk filing systems, clustered workcenters, panel systems and computer furniture, accessory products that store or handle computer media, forms processing equipement and a line of terminal products.

Subsidiaries:

Tab Products of Canada, Limited
550 McNicoll Avenue
Willowdale, Ontario M2H 2E1, Canada
(416) 494-0077

Tab Products (Europa) B.V.
Hellenkeuvelwey 8-10
1101 BN Amsterdam Zuid Oost, The Netherlands

Tab Sales Corp. International
St. Thomas, Virgin Islands

Transfer Agent(s):

Bank of America
Stock Transfer Dept. #9511
P.O. 37002
San Francisco, California 94137

Stock Exchange(s): American

Ticker Symbol: TBP

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income
1988	$ 131,959,000	$ 7,303,000
1987	123,681,000	6,790,000
1986	121,429,000	5,685,000
1985	117,013,000	6,326,000
1984	113,595,000	6,303,000

	No. of Com. Shares +	Earn per Share #
1988	6,510,242	$ 1.09
1987	6,681,499	1.00
1986	6,639,163	0.85
1985	6,634,425	0.95
1984	6,577,657	0.95

+ Adjusted to reflect stock splits.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.20	—	—
1987	0.20	—	
1986	0.15	—	3-for-2
1985	0.13	—	—
1984	0.10	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 56,752,000	$ 8.72
1987	53,180,000	7.96
1986	47,273,000	7.12
1985	42,563,000	6.42
1984	36,912,000	5.61

‡ Adjusted to reflect stock splits.

Income Account *

Year ended May 31	1988	1987
Net sales & oper. rev.	$ 131,959,000	$ 123,681,000
Cost of sales	69,517,000	63,785,000
Expenses	50,809,000	46,796,000
Interest income	(545,000)	(370,000)
Income before taxes	$ 12,178,000	$ 13,470,000
Income taxes	4,875,000	6,680,000
Net Income	$ 7,303,000	$ 6,790,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,551,000 in 1988 and $3,636,000 in 1987.

Assets

As of May 31	1988	1987
Cash	$ 7,202,000	$ 9,079,000
Accts. receiv., net	26,957,000	24,926,000
*Inventories	15,581,000	13,294,000
Prepaid expenses	2,198,000	1,695,000
Current Assets	$ 51,938,000	$ 48,994,000
#Fixed assets	17,554,000	16,843,000
Other assets	2,409,000	2,206,000
Total Assets	$ 71,901,000	$ 68,043,000

Liabilities

Long-term debt. curr.	$ 115,000	$ 115,000
Accts. payable	5,751,000	4,921,000
Commissions	3,012,000	2,688,000
Other accruals	4,938,000	4,490,000
Income taxes	210,000	1,414,000
Curr. Liabilities	$ 14,026,000	$ 13,628,000
Long-term debt	695,000	810,000
Deferred taxes	428,000	425,000
+Common stock	68,000	67,000
Add. paid-in capital	7,198,000	6,391,000
Retained earnings	53,230,000	47,146,000
Treasury stock	(3,766,000)	(310,000)
Foreign curr. translation	22,000	(114,000)
Total Liabilities & Shareholders' Equity	$ 71,901,000	$ 68,043,000

* Domestic inventories purchased for resale are valued at LIFO, remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. taxes to Sales	9.73	10.89
%Net Income to Sales	5.83	5.49
%Net Income to Equity	12.87	12.77
Debt to Equity	0.01	0.02
Working Capital	$ 37,912,000	$ 35,366,000
Current Ratio	3.70	3.60
Shareholders' Equity	$ 56,752,000	$ 53,180,000

Talley Industries, Inc.

2702 North 44th Street
Phoenix, Arizona 85008
(602) 957-7711

Officers: William H. Mallender, chief executive officer & chairman; Jack C. Crim, president & chief operating officer; Donald L. Corey, v.p.-corp. development; Daniel R. Mullen, treasurer; Edward T. Ryan Jr., vice president-operations; Arthur M. Squicciarini, vice president-operations; William E. Bonnell, dir.-human resources; Lonnie D. Schnell, dir.-internal audit; Mark S. Dickerson, general counsel & secretary; Kenneth May, controller.

Directors: William H. Mallender*, chairman; Jack C. Crim, William B. Bolton, Hubert T. Mandeville, Alex Stamatakis, David Victor, Oliver Grace, Jr., Townsend W. Hoopes, John D. MacNaughton, Jr., Emiel T. Nielsen, Jr., Thomas F. Reddy, Jr.*, John C. Robinson*, Fred G. Schuller, Wesley A. Stanger, Jr.*, John W. Stodder.

* Member of the Executive Committee

Areas of Work: In the area of Government Products and Services, the Company designs, manufactures and markets solid propellant actuated devices, high-reliability electronic components, aircraft ejection seats and air crew escape systems. Industrial Products include a broad spectrum of products and services, including inflators and modules for automotive passive restraint systems, specialty steel products, high-voltage ceramic insulators, automated welding equipment and services, and electronic assembly for original equipment manufacturers. Specialty Products include ornamental metal buttons; molded plastic components for commercial use; aerosol, insecticide and air freshener products, and specialty advertising items. Services include electronic products assembly. The Company also engages in real estate operations.

Divisions, Subsidiaries & Affiliates:

Talley Defense Systems Inc.
4551 East McKellips Road
Mesa, Arizona 85205
(602) 832-3830
Gas generators, initiators, survival equipment and systems.

Minelco Inc.
135 South Main Street
Thomaston, Connecticut 06787
(203) 283-8261
High-reliability electronic components and systems.

Electrodynamics, Inc.
1200 Hicks Road
Rolling Meadow, Illinois 60008
(312) 259-0740
High-reliability electronic components and systems.

Dimetrics, Inc.
Diamond Springs, California
Automated welding systems and welding services.

Universal Propulsion Company, Inc.
Phoenix, Arizona
Gas generators, initiators, survival equipment and systems.

Talley Metals Technology, Inc.
McBee, South Carolina
Stainless steel rods and bars.

Porcelain Products, Inc.
Carey, Ohio
High-voltage ceramic insulators.

Rowe Industries, Inc.
Toledo, Ohio
Electronic interconnect systems.

Waters Manufacturing, Inc.
Wayland, Massachusetts
High-reliability electronic components and systems.

General Time Instruments, Inc.
Davidson, North Carolina
Electronic products assembly, timing devices.

Talley Canada Inc.
Peterborough, Canada

Talley U.K., Ltd.
Strathleven, Scotland
Timing products, electronic product assembly.

Amcan Speciality Steels, Inc.
East Brunswick, New Jersey
Speciality steel distribution.

Merrick Engineering, Inc.
Nashville, Tennessee
Custom-built automated arc welding systems.

Talley Automotive Products, Inc.
Mesa, Arizona
Inflators and modules for automotive passive restraint systems.

Waterbury Companies, Inc.
Waterbury, Connecticut
Metal buttons, plastic products, automated aerosol dispensers.

Barlow Specialty Advertising, Inc.
Los Angeles, California
Specialty advertising products.

Talley Realty Corp.
Phoenix, Arizona
Land development and marketing.

Transfer Agent(s):

Manufacturers Hanover Trust Company of California
Post Office Box 712399
Los Angeles, California 90071

Stock Exchange(s): New York

Ticker Symbol: TAL

Number of Employees:

1987 3,150
1986 4,000
1985 4,300
1984 4,400
1983 3,900

Plant Footage:

1987 . . . . . . 2,087,000 sq. ft.
1986 2,645,482
1985 2,291,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 270,560,000	$ (21,180,000)
1986	206,806,000	13,850,000
1985	183,444,000	12,014,000
1984	161,819,000	10,474,000
1983*	102,406,000	6,713,000

	No. of Com. Shares †	Earn. per Share †
1987	9,273,000	$ —
1986	10,000,000	1.38
1985	9,951,000	1.21
1984	10,056,000	1.04
1983*	10,114,000	0.66

* 9 months.
+ Of continuing operations only.
† Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Industrial prods.	$ 99,729	$ 61,233
Specialty prods.	55,785	51,063
Government prods. & services	84,778	90,779
Realty	30,268	3,731
Total	$ 270,560	$ 206,806

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	5-for-4

Common Stock Equity

	Total Equity *	Equity Per Share ‡
1987	$ 84,766,000	$ 9.14
1986	105,935,000	10.59
1985	73,398,000	7.38
1984	63,479,000	6.31
1983	56,046,000	5.54

* After allowing for preferred stock at total involuntary liquidation preference value.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 270,560	$ 206,806
Cost of sales	204,572	145,493
Expenses	51,734	48,221
Other income	(9,803)	(15,062)
Interest expense	19,279	17,954
Interest capitalized	(4,283)	(4,257)
Income before taxes	$ 9,061	$ 14,457
Income taxes	4,134	5,265
Inc.-cont. oper.	$ 4,927	$ 9,192
Inc. (loss)-discont. oper.	(26,107)	4,658
Net Income (Loss)	$ (21,180)	$ 13,850

* Included in Costs and Expenses, Depreciation and Amortization: $9,088,000 in 1987 and $7,302,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 515	$ 1,540
Marketable securities	4,974	—
Accts. receiv., net	55,503	56,975
*Inventories	149,580	126,344
Deferred inc. taxes	7,321	—
Prepaid expenses	4,049	2,586
Net assets-discont. oper.	21,262	54,543
Current Assets	$ 243,204	$ 241,988
Long-term receiv.	8,587	18,222
#Fixed assets	84,144	65,732
Defer. charges & other assets	59,825	22,045
Intangibles	14,811	12,319
Net assets - discont. oper.	12,525	16,386
Total Assets	$ 423,096	$ 376,692

Liabilities
(000's)

	1987	1986
Notes payable	$ 20,822	$ 4,111
Long-term debt, curr.	3,706	17,299
Realty debt	17,854	12,161
Accts. payable	22,406	21,095
Accruals	19,107	15,233
Deferred income taxes	—	3,754
Income taxes	1,899	1,909
Curr. Liabilities	$ 85,794	$ 75,562
Long-term debt	196,437	141,397
Deferred inc. taxes	16,828	14,489
Other liabilities	4,746	4,197
+Preferred stock:		
Series A	82	85
Series B	1,644	1,649
++Common stock	9,223	7,293
Add. paid-in capital	67,436	65,545
For. curr. trans. adj.	1,256	(657)
Retained earnings	39,650	67,132
Total Liabilities & Shareholders' Equity	$ 423,096	$ 376,692

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value, cumulative convertible.
++ $1 par value.

Statistical Summary

	1987	1986
%Net Income to Equity	—	9.82
Sales to Inventories	1.81	1.64
Debt to Equity	1.85	1.15
Working Capital	$ 157,410,000	$ 166,426,000
Current Ratio	2.83	3.20
Shareholders' Equity	$ 119,291,000	$ 141,047,000

Tandem Computers Incorporated

19333 Vallco Parkway
Cupertino, California 95014-2599
(408) 725-6000

Officers: Thomas J. Perkins, chairman of the board; James G. Treybig, president & chief executive officer; Robert C. Marshall, sr. v.p. & chief operating officer; Lawrence A. Laurich, v.p.-systems development & manufacturing; Thomas J. Klitgaard, sr. v.p., gen. counsel & secretary; Jack W. Chapman, v.p.-sales; Gerd Stoecker, treasurer; Gerald L. Peterson, sr. v.p. & gen. mgr-Tandem Sales & Marketing Group; David J. Rynne, sr. v.p. & chief financial officer; Stephen C. Schmidt, sr. v.p. & gen. mgr.-Tandem Systems Group; Donald E. Fowler, sr. v.p. & gen. mgr.-Tandem Companies Group; Ralph K. Ungermann, sr. v.p.-Ungermann-Bass Group; Martin M. Atalla, v.p.; Gerald D. Held, v.p.-strategy & corp. development; Robert G. Gargus, corp. controller.

Directors: Thomas J. Perkins, chairman; Morton Collins, Thomas J. Davis, Jr., Franklin P. Johnson, Jr., Robert C. Marshall, Robert G. Stone, Jr., James G. Treybig, Thomas I. Unterberg, Andrew Knight, Walter B. Wriston, Jack F. Bennett, Ralph K. Ungermann.

Areas of Work: Designs, develops, manufactures, markets and services multiple processor computer systems solely dedicated to on-line transaction processing and software. The Tandem NonStop System eliminates the risk of system failures and protects the customer's data base from damage caused by electronic hardware malfunctions.

Operating Units:

Eastern Division
One Penn Plaza
New York, New York 10119

Central Division
1827 Walden Office Square
Schaumberg, Illinois 60195

Western International Division
245 Santa Ana Court
Sunnyvale, California 94086

Tandem Computers Canada Limited
Canada

Tandem Computers Limited
England

Tandem NonStop Pty., Ltd.
Australia

Tandem Computers S.A.
France

Tandem Computers, S.A./N.V.
Belgium

Tandem Computers GmbH
West Germany

Tandem Computers A.B.
Sweden

Tandem Computers A/S
Denmark

Tandem NonStop Pty. Ltd.
New Zealand

Tandem Computers A.S.
Norway

Tandem Computers Italia S.p.A.
Italy

Tandem Computers Japan Limited
Japan

Tandem Computers B.V.
The Netherlands

Tandem Computers AG
Switzerland

Tandem Computers (Hong Kong) Limited
Hong Kong

Tandem Computers International, Inc.
Singapore

Tandem Computer Ges. m.b.H.
Austria

Tandem Computers Iberica S.A.
Spain

Atalla Corporation
2304 Zanker Road
San Jose, California 95134
Provides secure systems solutions in the areas of network interchange, electronic payment, and computer security.

Acquisition:

Tandem Telecommunications Systems, Inc.
(formerly Integrated Technology, Inc.)
850 East Central Parkway
Plano, Texas 75074
Develops network services software for the telecommunications industry.

Ungermann-Bass, Inc.
3900 Freedom Circle
Santa Clara, California 95054
Provides products for open, enterprise-wide networks.

Transfer Agent(s):

Bank of America, N.T. & S.A.
San Francisco, California

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: TDM

Number of Employees:

1988	8,624	1985	5,494
1987	7,007	1984	5,223
1986	5,719		

Plant Footage:

1988	1,642,000 sq. ft.	1986	1,428,400
1987	1,555,000	1985	1,925,000

Sales & Earnings x

	Revenues	Net Income
1988	$ 1,314,721,000	$ 94,485,000
1987	1,047,532,000	105,229,000
1986	778,014,000	64,258,000
1985	635,983,000	33,582,000
1984	540,514,000	42,358,000

	No. of Com. Shares #	Earn. per Share #
1988	98,683,000	$ 0.96
1987	98,424,000	1.07
1986	89,096,000	0.72
1985	N.A.	0.40
1984	N.A.	0.51

N.A. - Not Available.
x Restated to reflect operations of Atalla Corporation, acquired on a pooling of interests basis.
# Based on the weighted average number of common share and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	

Common Stock Equity x

	Total Equity	Equity Per Share‡
1988	$ 856,861,000	$ 8.68
1987	723,855,000	7.35
1986	537,978,000	6.04
1985	423,214,000	—
1984	378,715,000	—

x Restated.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account*
(000's)

Year ended Sept. 30	1988	1987‡
Revenues	$ 1,079,563	$ 872,003
Service & other revenue	235,158	175,529
Total revenues	$ 1,314,721	$ 1,047,532
Cost of revenues	487,791	363,730
Expenses	679,669	513,363
Interest income	(15,560)	(15,811)
Interest expense	8,083	1,604
Settle. of ligitation	9,375	—
Income before taxes	$ 145,363	$ 184,646
Income taxes	50,878	79,417
Net Income	$ 94,485	$ 105,229

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $43,242,000 in 1986.

Assets
(000's)

As of Sept. 30	1988	1987‡
Cash & cash invest.	$ 124,599	$ 318,271
Accts. receiv., net	355,635	256,296
*Inventories	129,426	94,846
Prepaid expenses	34,103	22,891
Current Assets	$ 643,763	$ 692,304
#Fixed assets	418,521	253,232
Intangibles	205,128	—
Other assets	50,965	27,504
Total Assets	$ 1,318,377	$ 973,040

Liabilities
(000's)

	1988	1987‡
Notes payable	$ 80,971	$ —
Long-term debt, curr.	9,322	1,537
Accts. payable	91,935	79,489
Accrued payroll	35,136	28,140
Accrued vacation	17,450	15,847
Accrued commissions	14,757	13,793
Deferred income	29,479	13,928
Income taxes	25,412	10,728
Other accruals	60,836	31,129
Curr. Liabilities	$ 365,298	$ 194,591
Long-term debt	58,197	9,055
Deferred inc. taxes	38,021	45,539
+Common stock	2,403	2,346
Add. paid-in capital	403,241	370,142
Retained earnings	445,852	351,367
Translation adjustments	5,365	—
Total Liabilities & Shareholders' Equity	$ 1,318,377	$ 973,040

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.025 par value.

Statistical Summary

%Income bef. Taxes to Revenues	11.06	17.63
%Net Income to Revenues	7.19	10.05
%Net Income to Equity	11.03	14.54
Debt to Equity	0.17	0.01
Working Capital	$ 278,465,000	$ 497,713,000
Current Ratio	1.76	3.56
Shareholders' Equity	$ 856,861,000	$ 723,855,000

Tandy Corporation

1800 One Tandy Center
Fort Worth, Texas 76102
(817) 390-3700

Officers: John V. Roach, chairman of the board, president & chief executive officer; Paul L. Hill, senior v.p. & treasurer; Herschel C. Winn, sr. v.p. & secretary; John W. Burnam, v.p.; Ronald L. Parrish, v.p.; Richard L. Ramsey, v.p.; Donald L. Bock, asst. treasurer; Jana R. Freundlich, asst. secretary; Jim B. Sheets, asst. secretary.

Directors: John V. Roach*, chairman; William C. Conner, William T. Smith*, Alfred J. Stein, Jesse L. Upchurch*, John A. Wilson*, Robert R. Lowdon*, Donald L. Bryant, Lewis F. Kornfeld, Jr.*, Thomas G. Plaskett, William E. Tucker*, William G. Morton, Jr..

* Member of the Executive Committee

Areas of Work: Manufactures minicomputers, microcomputers and various other consumer electronics products in 28 factories in 7 different countries. The Lika subsidiary manufactures printed circuit boards. Also operates over 7,000 company-owned and dealer/franchise Radio Shack stores and 290 Tandy Brand Name Retail stores, which retail consumer electronics products throughout the U.S.

Divisions and Subsidiaries:

Radio Shack Division

Radio Shack Consumer Retail Operations

Radio Shack-Business Products Division

Tandy Electronics

Tandy Computers

Tandy Brand Name Retail Group

Tandy Trading International

A & A Trading Company

Tandy Credit Corporation

Lika Corporation
Manufactures printed circuit boards.

Memtek Products
Markets a line of Memorex audio and video products.

O'Sullivan Industries
Manufactures furniture for electronic equipment.

Scott-McDuff Corporation
Chain of 24 audio-video appliance stores.

VideoConcepts
Name-brand electronics retailers located in malls in 29 states.

Tandy Credit Corporation

Acquisition:

GRiD Systems Corporation
Fremont, California
Designs, develops, manufactures and markets field automation equipment that use laptop computers.

Transfer Agent(s):

First National Bank of Boston (Common Stock)
Boston, Massachusetts

Texas American Bank/Fort Worth N.A.
(Common Stock & Debentures)
Fort Worth, Texas

Stock Exchange(s): New York

Ticker Symbol: TAN

N.A. - Not Available.

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 3,793,767	$ 316,354
1987	3,452,178	242,329
1986	3,035,969	197,659
1985	2,595,695	189,060
1984	2,490,473	281,871

	No. of Com. Shares ‡	Earn. per Share ‡
1988	89,466,000	$ 3.54
1987	89,899,000	2.70
1986	89,203,000	2.22
1985	89,490,000	2.11
1984	102,328,000	2.75

+ Includes operating revenues; of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 1,603,112,000	$ 17.92
1987	1,380,039,000	15.35
1986	1,306,458,000	14.65
1985	1,063,454,000	11.88
1984	988,696,000	9.66

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended June 30	1988	1987‡
Net sales & oper. rev.	$ 3,793,767	$ 3,452,178
Cost of sales	1,870,429	1,700,109
Expenses	1,341,090	1,208,750
Depreciation & amortization	68,156	62,591
Interest expense (income)	(588)	21,937
Income before taxes	$ 514,680	$ 458,791
Income taxes	198,326	213,625
Eq. in loss of oper. to be spun off	—	2,837
Net Income	$ 316,354	$ 242,329

‡ Restated for consolidation of credit and insurance subsidiaries.

Assets
(000's)

As of June 30	1988	1987‡
Cash & short-term invest.	$ 188,224	$ 78,114
Accts. & notes receiv., net	462,374	197,219
* Inventories	1,287,854	1,128,435
Other assets	47,622	41,436
Current Assets	$ 1,986,074	$ 1,445,204
# Fixed assets	367,264	337,154
Other assets	176,754	183,031
Total Assets	$ 2,530,092	$ 1,965,389

Liabilities
(000's)

Notes payable	$ 306,475	$ 31,304
Accts. payable	116,818	113,001
Accruals	205,191	160,254
Income taxes payable	20,778	(1,118)
Curr. Liabilities	$ 649,262	$ 303,441
Notes payable	153,641	168,194
Subord. deb.	26,957	26,414
Other liabilities	28,143	28,480
Deferred inc. taxes	68,977	58,821
+ Common stock	95,645	95,645
Add. paid-in capital	114,999	102,305
Retained earnings	1,609,346	1,344,394
For. curr. trans.	8,105	4,130
Treasury stock	(224,983)	(166,435)
Total Liabilities & Shareholders' Equity	$ 2,530,092	$ 1,965,389

‡ Restated.
* At lower of cost (primarily average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	13.57	13.29
% Net Income to Sales	8.34	7.02
% Net Income to Equity	19.73	17.56
Debt to Equity	0.29	0.14
Working Capital	$ 1,336,812,000	$ 1,086,736,000
Current Ratio	3.06	4.60
Shareholders' Equity	$ 1,603,112,000	$ 1,380,039,000

TDK Corporation

1-13-1, Nihonbashi
Chuo-ku, Tokyo 103, Japan
(03) 278-5111

Officers: Yutaka Otoshi, chairman; Hiroshi Sato, president; Sho Masujima, executive vice president; Makoto Komoda, executive managing director; Goro Suzuki, executive managing director; Takao Masaki, executive director; Sadao Iwaya, executive director; Matsuo Takeuchi, executive director; Motoyuki Kurihara, executive director; Fukujiro Sono, executive director & adviser; Katsuro Kamiya, executive director & adviser; Shozaburo Yamamoto, executive director; Satoru Matsuura, executive director; Ryozo Kato, executive director; Tsuneo Kamata, executive director; Toyohiko Maruta, auditor; Yasuo Imaoka, auditor; Shunsuke Wakuri, auditor.

Areas of Work: The Company is the world's leading manufacturer of magnetic recording tapes and ferrite products and a major producer of coil, ceramic, and other components. These components include ferrite cores and magnets, rare-earth cobalt magnets, magnetic heads, inductors/coils, transformers, switching power supplies, DC-DC converters, noise filters, composite components, high-voltage units, thermal reed switches, microwave components, ceramic capacitors (including chips), ceramic filters and resonators, thermistors, buzzers and speakers, chip composite components, hybrid integrated circuits, varistors, thin-film heads, and MR sensors.

Subsidiaries (Japan):

Iida TDK Co., Ltd.
Production of TV and radio coil components.

Tsuruoka TDK Co., Ltd.
Production of coil components.

Yuza TDK Co., Ltd.
Production of ceramic components.

Kisagata TDK Co., Ltd.
Production of ceramic components.

Yashima TDK Co., Ltd.
Production of rotary transformers and noise filters.

Ujo TDK Co., Ltd.
Production of ceramic components.

TDK Service Co., Ltd.
Administration of welfare facilities for TDK and its employees.

TDK Design Core Co., Ltd.
Advertising services mainly for TDK.

TDK-MCC Co., Ltd.
Production of multilayer ceramic capacitors.

Iwaki Kogyo Co., Ltd.
Plating of TDK metallic parts.

Yuri TDK Co., Ltd.
Production of coil components.

Konoura TDK Co., Ltd.
Production of coil components.

TDK Core Co., Ltd.
Production and sale of educational recording media.

Ouchi TDK Co., Ltd.
Production of coil components.

TDK Distributor Co., Ltd.
Warehousing of TDK products.

Sakata TDK Co., Ltd.
Production of coil components.

Honjo TDK Co., Ltd.
Production of alumina substrates and hydrid ICs.

Kofu TDK Co., Ltd.
Assembly of magnetic floppy heads.

Yuzawa TDK Co., Ltd.
Assembly of noise-suppression connectors and antenna terminal capacitor units.

Toso TDK Co., Ltd.
Assembly of microwave components.

Subsidiaries (U.S.)

TDK U.S.A. Corporation
12 Harbor Park Drive
Port Washington, New York 11050
(516) 625-0100
A holding company.

TDK Corporation of America
1600 Feehanville Drive
Mount Prospect, Illinois 60056
(312) 803-6100
Sales of TDK electronic components.

TDK Electronics Corporation
12 Harbor Park Drive
Port Washington, New York 11050
(516) 625-0100
Sale of TDK recording media.

TDK Magnetic Tape Corporation
330 Highway 74 South
Peachtree City, Georgia 30269-2047
(404) 487-5200
Production of recording media.

TDK Components U.S.A., Inc.
One TDK Boulevard, Highway 74 South
Peachtree City, Georgia 30269
(404) 631-0410
Production of multilayer chip ceramic capacitors.

Saki Magnetics, Inc.
26600 Agoura Road
Calabasas, California 91302
(818) 880-4054
Production and sale of magnetic heads.

TDK Ferrites Corporation
5900 North Harrison Street
Shawnee, Oklahoma 74801
(405) 275-2100
Production of large ferrite cores.

TDK Texas Corporation
Sale of TDK electronic components.

Display Components, Inc.
Production and sale of deflection yoke coils for high-resolution computer monitors.

Allen-Bradley/TDK Magnetics (50%-owned)
5900 North Harrison Street
Shawnee, Oklahoma 74801
(405) 275-2100
Production of ferrite magnets.

Transfer Agent(s):

The Chuo Trust & Banking Co., Ltd.
1-7-1, Kyobashi
Chuo-ku, Toyko 104, Japan

Stock Exchange(s): Tokyo, Osaka, Paris, London, New York (as ADR), Amsterdam (as CDR), Brussels and Antwerp (as DR).

Ticker Symbol: TDK (New York)

Number of Employees:

1988	19,646	1985	14,661
1987	17,567	1984	14,599
1986	16,182		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	¥ 418,392,000	¥ 22,268,000
1987	398,258,000	18,066,000
1986	385,890,000	15,408,000
1985	426,966,000	30,131,000
1984	416,186,000	32,251,000

	No. of Com. Shares	Earn. per Share ‡
1988	120,462,231	¥ 177.18
1987	120,462,231	150.05
1986	120,358,740	128.02
1985	120,360,000	250.34
1984	120,378,000	267.96

¥ - Yen
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	¥40.00	—	—
1987	40.00	—	
1986	40.00	—	—
1985	38.18	—	—
1984	36.36	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	¥ 280,824,000	¥2,331.22
1987	264,915,000	2,199.15
1986	253,932,000	2,109.79
1985	242,533,000	2,015.06
1984	220,437,000	1,831.21

Income Account *
(millions)

Year ended Nov. 30	1988	1987
Net sales	¥ 418,392	¥ 398,258
Cost of sales	279,100	269,247
Expenses	85,364	82,417
Interest expense	5,117	4,163
Interest income	(4,094)	(3,535)
Loss on dispos.	1,653	1,508
Other expense	370	2,625
Income before taxes	¥ 50,862	¥ 41,833
Income taxes	28,416	23,592
Minority interest	178	175
Net Income	¥ 22,268	¥ 18,066

* Included in Costs and Expenses, Depreciation: ¥ 29,039,000,000 in 1988 and ¥ 27,682,000,000 in 1987.

Assets
(millions)

As of Nov. 30	1988	1987
Cash & cash equiv.	¥ 99,260	¥ 99,736
Marketable securities	21,640	22,503
Accts. receiv., net	103,744	87,482
*Inventories	81,886	74,408
Prepaid expenses	14,605	17,033
Current Assets	¥ 321,135	¥ 301,162
Investments & advances	23,360	13,928
#Fixed assets	146,410	145,052
Other assets	6,140	5,269
Total Assets	¥ 497,045	¥ 465,411

Liabilities
(millions)

	1988	1987
Short-term bank loans	¥ 44,917	¥ 26,477
Long-term debt, curr.	831	6,797
Accts. payable	48,030	48,457
Accruals	18,219	17,419
Income taxes	16,009	15,885
Other current liabilities	9,365	7,224
Curr. Liabilities	¥ 137,371	¥ 122,259
Long-term debt	59,901	60,252
Retirement benefits	18,118	17,158
Minority interest	831	827
+Common stock	6,208	6,208
Add. paid-in capital	36,624	36,624
Legal reserve	2,913	2,723
Retained earnings	246,838	229,578
For. curr. trans.	(11,759)	(10,218)
Total Liabilities & Shareholders' Equity	¥ 497,045	¥ 465,411

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	12.16	10.50
%Net Income to Sales	5.32	4.54
%Net Income to Equity	7.93	6.82
Sales to Inventories	5.11	5.35
Debt to Equity	0.38	0.35
Working Capital (000's)	¥ 183,764,000	¥ 178,903,000
Current Ratio	2.34	2.46
Shareholders' Equity (000's)	¥ 280,824,000	¥ 264,915,000

TEC, Incorporated

2727 North Fairview Avenue
P.O. Box 5646
Tucson, Arizona 85703
(602) 792-2230

Officers: Byron C. Hamilton, chairman & president; Don V. Hamilton, vice chairman; Ivan D. Schlaefer, v.p.-human resources; William E. Wallin, v.p.; treasurer & corp. controller.

Directors: Don V. Hamilton*, Byron C. Hamilton, Edward B. Grayden*, Bruce Hamilton, Kelvin T. Bacon, John P. Schaefer*.

* Member of the Executive Committee

Areas of Work: Provides electronic and electro-mechanical human interface products for original equipment manufacturers, as well as performing subcontract assembly for select customers.

Divisions:

Component Group
Tucson, Arizona 85705
Produces Tec-Lite TM switches, indicators and readouts; keyboards, Data-Monitor TM annunciators; Data-Panel displays for the data processing and control industry.

Peripheral Group
Tucson, Arizona 85705
Develops and manufactures computer input/output Data Screen terminals, and subcontract products.

Transfer Agent(s):

First Interstate Bank of Arizona, N.A.
P.O. Box 1871
Tucson, Arizona 85702

Stock Exchange(s): American

Ticker Symbol: TCK

Number of Employees:

1987	128	1984	393
1986	343	1983	429
1985	487		

Plant Footage:

1987	150,000 sq. ft.	1984	150,000
1986	150,000	1983	150,000
1985	150,000		

Sales & Earnings

	Net Sales	Net Income +
1987	$ 9,760,000	$ (1,173,000)
1986	12,814,000	(759,000)
1985	18,401,000	362,000
1984	14,898,000	349,000
1983	14,817,000	(1,007,000)

	No. of Com. Shares	Earn. per Share +
1987	$ 856,275	$ —
1986	856,275	—
1985	866,315	0.42
1984	826,901	0.41
1983	826,901	—

(Loss)
+ Including extraordinary gain of $73,000 ($0.09 per share) in 1984.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.04	—	—
1986	0.1[illegible]	—	
1985	0.14	—	—
1984	—	—	—
1983	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,550,000	$ 4.15
1986	4,757,000	5.56
1985	5,715,000	6.60
1984	5,310,000	6.42
1983	4,961,000	6.00

Income Account *

Year ended June 30	1987	1986
Net sales	9,760,000	$ 12,814,000
Cost of sales	8,483,000	10,804,000
Expenses	2,279,000	2,808,000
Oper. loss	$ (1,002,000)	$ (798,000)

Loss on sale of equip.		13,000		11,000
Interest income		(51,000)		(115,000)
Interest expense		128,000		128,000
Other expense		81,000		49,000
Loss before taxes	$	(1,173,000)	$	(871,000)
Tax credit		—		(112,000)
Net Loss	$	(1,173,000)	$	(759,000)

* Included in Costs and Expenses, Depreciation: $530,000 in 1987 and $514,000 in 1986.

Assets

As of June 30		1987		1986
Cash	$	297,000	$	569,000
Receivables, net		819,000		1,506,000
*Inventories		905,000		1,058,000
Prepaid expenses		51,000		54,000
Current Assets	$	2,072,000	$	3,187,000
#Fixed assets		3,393,000		4,010,000
Other assets		—		198,000
Total Assets	$	5,465,000	$	7,395,000

Liabilities

Notes payable	$	750,000	$	300,000
Long-term debt, curr.		290,000		495,000
Cap. lease oblig., curr.		100,000		129,000
Accts. payable		225,000		329,000
Accruals		393,000		707,000
Curr. Liabilities	$	1,758,000	$	1,960,000
Long-term debt		15,000		436,000
Cap. lease oblig.		142,000		242,000
+Common stock		173,000		173,000
Add. paid-in capital		1,654,000		1,654,000
Retained earnings		1,784,000		2,991,000
Treasury stock		(61,000)		(61,000)
Total Liabilities & Shareholders' Equity	$	5,465,000	$	7,395,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

Sales to Inventories		10.78		12.11
Debt to Equity		0.37		0.34
Working Capital	$	314,000	$	1,227,000
Current Ratio		1.18		1.63
Shareholders' Equity	$	3,550,000	$	4,757,000

Tech Serv, Inc.

5301 Holland Drive
Beltsville, Maryland 20705-2383
(301) 474-2900

Officers: Eli W. Fleming, v.p.-corporate operations, secretary & treasurer; William M. Stephens, v.p..

Directors: Eli W. Fleming, Ronald C. Ray, William M Stephens.

Areas of Work: Manufactures radio-controlled miniature aerial target systems and radio controls which are used in guidance of miniature aircraft and other applications.

Divisions:

RS Systems-a Tech Serve Company
Beltsville, Maryland 20705
(301) 474-2[illegible]0
Markets Tech Serv, Inc.'s products.

Transfer Agent(s):

Maryland National Bank
2 North Charles Street
Baltimore, Maryland 21202

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	N.A.	1985	50
1986	39	1984	30

Plant Footage:

1987	28,300 sq. ft.	1984	28,300
1986	28,300	1983	28,300
1985	28,300		

N.A. - Not Available.

Sales & Earnings

		Net Sales		Net Income †
1987	$	722,765	$	(732,749)
1986		3,109,555		793,983
1985		2,886,167		239,962
1984		1,018,921		(502,95[illegible])
1983		2,943,539		128,437

	No. of Com. Shares ‡		Earn. per Share ‡ †
1987	860,349	$	—
1986	860,236		0.92
1985	860,236		0.28
1984	860,236		—
1983	860,236		0.15

(Loss)
† Including extraordinary gains of $210,492 ($0.24 per share) in 1986, $73,000 ($0.09 per share) in 1985 and $39,331 ($0.05 per share) in 1983.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	

Common Stock Equity

		Total Equity		Equity Per Share †
1987	$	27,674	$	0.03
1986		760,423		0.88
1985		(33,560)		—
1984		(273,522)		—
1983		229,428		0.27

(Deficiency)
† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30		1987		1986
Net sales	$	722,765	$	3,109,555
Cost of sales		866,355		2,433,740
Expenses		555,811		566,265
Interest expense		103,959		116,274
Gain on sale of rl. est.		—		(757,943)
Other income		(53,866)		(83,385)
Inc. (loss) bef. taxes	$	(749,494)	$	834,604
Income taxes (credit)		(16,745)		251,113
Net Income (Loss)	$	(732,749)	$	583,491
Extraord. gain		—		210,492
Net Income (Loss) & extraord. gain	$	(732,749)	$	793,983

* Included in Costs and Expenses, Depreciation: $85,302 in 1987 and $39,592 in 1986.

Assets

As of June 30		1987		1986
Cash	$	123,761	$	424,611
Accts. receiv., net		182,495		225,320
Inc. taxes receiv.		16,745		—
*Inventories		251,663		166,288
Prepaid expenses		50,622		59,699
Note receivable		30,000		26,804
Current Assets	$	655,286	$	902,722
#Fixed assets		983,266		1,045,237
Note receivable		197,036		214,433
Other assets		68,950		72,520
Total Assets	$	1,904,538	$	2,234,912

Liabilities

Long-term debt. curr.	$	55,484	$	44,352
Accts. payable		202,615		144,070
Interest payable		1,703		—
Notes payable		100,000		—
Accruals		33,002		31,471
Income tax payable		—		16,736
Billings in exc. of profit		439,281		129,891
Curr. Liabilities	$	832,085	$	366,520
Long-term debt		42,112		50,607
Capital leases		848,871		895,437
Deferred inc. taxes		23,885		23,885
Deferred profit				
+Common stock		86,035		86,035
Add. paid-in capital		1,061,994		1,061,994
Deficit		(1,120,355)		(387,606)
Total Liabilities & Shareholders' Equity	$	1,904,538	$	2,234,912

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales		—		26.84
%Net Income to Sales		—		18.76
%Net Income to Equity		—		76.73
Sales to Inventories		2.87		18.70
Debt to Equity		—		1.30
Working Capital		—	$	536,202
Current Ratio		—		2.46
Shareholders' Equity	$	27,674	$	760,423

Technical Communications Corporation

100 Domino Drive
Concord, Massachusetts 01742
(617) 862-6035

Officers: Arnold M. McCalmont, chairman & president; Herbert A. Lerner, treasurer; Edward E. Hicks, secretary & clerk; John I. Gill, v.p.-manufacturing.

Directors: Dean L. Kellogg, Herbert A. Lerner, Arnold M. McCalmont, Blanton C. Wiggin, Dana W. Atchley, Jr., Allan L. Coon, Lawrence A. Kletter.

Areas of Work: Designs, manufactures, and markets high-performance secure communications systems and cryptographic devices used to protect sensitive communications sent over voice, data, and facsimile networks.

Subsidiaries:

TCC Foreign Sales Corp. (FSC)
TCC Investment Corp.
TCC Investment Corp.
TCC Investment Corp.
TCC Investment Corp.

TCC Investment Corp.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TCCO (NASDAQ)

Number of Employees:

1988	40	1985	60
1987	N.A.	1984	N.A.
1986	35		

Plant Footage:

1988	22,800 sq. ft.	1985	22,800
1987	22,800	1984	22,800
1986	22,800		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income †
1988	$ 10,389,853	$ 1,514,096
1987	3,280,560	103,476
1986	2,572,129	(1,189,946)
1985	5,270,930	336,725
1984	4,127,302	281,825

	No. of Com. Shares	Earn. per Share † ‡
1988	1,220,776	$ 1.20
1987	1,211,776	—
1986	1,204,576	—
1985	1,197,876	0.29
1984	1,120,810	0.25

(Loss)
† Including extraordinary gains of$227,700 ($0.19 per share) in 1988 and $32,000 ($0.03 per share) in 1987.
‡ Based on the weighted average number of shares outstanding during each year.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 3,934,159	$ 3.22
1987	2,407,688	1.99
1986	2,290,262	1.90
1985	3,470.996	2.90
1984	2,624,175	2.34

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 10,389,853	$ 3,280,560
Cost of sales	4,723,041	1,488,783
Expenses	3,540,087	1,715,951
Oper. income	$ 2,126,725	$ 75,826
Other income	60,011	42,950
Income bef. taxes	$ 2,186,736	$ 118,776
Income taxes	900,340	47,300
Net Income	$ 1,286,396	$ 71,476
Extraord. gain	227,700	32,000
Net Income & extraord. gain	$ 1,514,096	$ 103,476

* Included in Costs and Expenses, Depreciation and Amortization: $104,012 in 1988 and $118,413 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 97,652	$ 117,478
Accts. receiv., net	3,632,898	519,495
Short-term investments	2,026,384	1,191,273
*Inventories	1,661,681	843,584
Other curr. assets	34,702	79,301
Current Assets	$ 7,453,317	$ 2,751,131
Cash value of life ins.	55,415	48,280
#Fixed assets	304,740	352,300
Loan receivable	84,239	85,868
Other assets	1,027	1,126
Total Assets	$ 7,898,738	$ 3,238,705

Liabilities

Accts. payable	$ 574,473	$ 78,841
Accrued payroll	1,205,839	118,813
Other accruals	1,576,484	320,912
Income taxes payable	357,083	30,138
Deferred inc. taxes	250,700	—
Curr. Liabilities	$ 3,964,579	$ 548,704
Deferred compensation	—	282,313
+Common stock	122,078	121,178
Add. paid-in capital	1,244,329	1,232,854
Retained earnings	2,567,752	1,053,656
Total Liabilities & Shareholders' Equity	$ 7,898,738	$ 3,238,705

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	21.05	3.62
%Net Income to Sales	12.38	2.18
%Net Income to Equity	32.70	2.97
Sales to Inventories	6.25	3.89
Working Capital	$ 3,488,738	$ 2,202,427
Current Ratio	1.88	5.01
Shareholders' Equity	$ 3,934,159	$ 2,407,688

The Technical Materiel Corporation

700 Fenimore Road
Mamaroneck, New York 10543-0142
(914) 698-4800

Officers: Ray H. de Pasquale, chairman of the board & treasurer; Neil H. de Pasquale, president; Frank Budetti, v.p.; Ruth S. Taylor, secretary.

Directors: R.H. de Pasquale, chairman; F. Budetti, G.W. Jennings, Neil H. de Pasquale, Sandra E. MacDonald.

Areas of Work: Engaged in the engineering and manufacture of single sideband radio communications equipment, including field installation, servicing and maintenance.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988 15

Plant Footage:

1988 .... 35,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 833,521	$ (170,415)
1987	1,165,067	67,877
1986	1,170,414	(826,751)
1985	2,271,919	10,719
1984	1,980,924	392,517

	No. of Com. Shares	Earn. per Share ‡ †
1988	2,847,704	$ —
1987	2,847,704	0.02
1986	2,847,704	—
1985	2,847,704	—
1984	2,847,704	0.14

(Loss)
‡ Including extraordinary gains of $13,613 ($0.0048 per share) in 1987, $1,123 ($0.0004 per share) in 1985 and extraordinary loss of $518,225 in 1986.
† Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 1,041,553	$ 0.37
1987	1,211,968	0.43
1986	1,144,091	0.40
1985	1,970,842	0.69
1984	1,960,123	0.69

Income Account*

Year ended Sept. 30	1988	1987
Net sales	$ 833,521	$ 1,165,067
Cost of sales	502,761	623,665
Expenses	336,905	327,112
Interest expense	157,072	147,451
Other income	(683)	(5,848)
Income (loss) before taxes	$ (162,534)	$ 72,687
Income taxes	7,881	18,423
Net Income (Loss)	$ (170,415)	$ 54,264
Extraord. gain	—	13,613
Net Income (Loss) & extraord. gain	$ (170,415)	$ 67,877

* Included in Costs and Expenses, Depreciation:$22,206 in 1988 and $23,040 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 25,648	$ 24,907
Accts. receiv.,net	177,234	159,661
*Inventories	2,565,786	2,555,215
Prepaid expenses	18,999	21,287
Current Assets	$ 2,787,667	$ 2,761,070
#Fixed assets	162,106	156,447
Total Assets	$ 2,949,773	$ 2,917,517

Liabilities

Mortgage notes payable	$ 100,000	$ 75,000
Demand notes payable	1,140,000	955,000
Accts.payable	46,919	19,745
Accrued taxes & expenses	(3,699)	5,804
Curr. Liabilities	$ 1,283,220	$ 1,055,549

Long-term debt	625,000	650,000
+Common stock	355,963	355,963
Add. paid-in capital	6,924,042	6,924,042
Accumulated deficit	(6,238,452)	(6,068,037)
Total Liabilities & Shareholders' Equity	$ 2,949,773	$ 2,917,517

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $0.125 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.24
%Net Income to Sales	—	4.66
%Net Income to Equity	—	4.48
Sales to Inventories	0.32	0.46
Debt to Equity	1.79	1.39
Working Capital	$ 1,504,447	$ 1,705,521
Current Ratio	2.17	2.62
Shareholders' Equity	$ 1,041,553	$ 1,211,968

Technitrol, Inc.

8200 Flourtown Avenue, Suite 10
Wyndmoor, Pennsylvania 19118
(215) 233-9500

Officers: Roy E. Hock, chairman & president; James J. Rafferty, Jr., v.p.; J. Barton Harrison, secretary; Robert J. Citrino, treasurer; Thomas J. Flakoll, v.p..

Directors: Roy E. Hock, chairman; Edward M. Mazze, Gordon Palmer, Jr., J. Barton Harrison, Edwin S. Eichert, III, James M. Papada, III, James J. Rafferty, Jr., Thomas J. Flakoll, Graham Humes.

Areas of Work: Manufactures power transformers, pulse transformers, delay lines, electronic scales, electronic force measuring instruments, electronic components, metal laminate material and stampings.

Divisions:

Components & Transformer Division
Philadelphia & Petersburg, Pennsylvania
Greensboro, Maryland

Products Division
1952 East Allegheny Avenue
Philadelphia, Pennsylvania 19134

Subsidiaries:

Advanced Metallurgy, Inc.
McKeesport, Delmont, and Lancaster, Pennsylvania
Windsor, Ontario, Canada
Luquillo, Puerto Rico
Manufactures electrical contacts for circuit breakers and semiconductor devices.

John Chatillon & Sons, Inc.
Kew Gardens, New York
Greensboro, North Carolina
Manufactures scales, force measuring instruments, and springs.

Chace Precision Metals, Inc.
Reidsville, North Carolina
Manufactures bonded metal laminates for thermostatic and non-thermostatic applications.

Technitrol International Inc.
Wilmington, Delaware

Transfer Agent(s):

Registrar and Transfer Company
Cranford, New Jersey

Stock Exchange(s): American

Ticker Symbol: TNL

Number of Employees:

1988	1,050	1985	667
1987	578	1984	728
1986	551		

Plant Footage:

1988	608,000 sq. ft.	1986	238,600
1987	238,600	1985	255,100

Sales & Earnings

	Net Sales +	Net Income
1988	$ 68,890,000	$ 5,672,000
1987	43,321,000	5,143,000
1986	37,385,000	3,202,000
1985	39,009,000	3,343,000
1984	37,833,000	3,632,000

	No. of Com. Shares	Earn. per Share ‡
1988	1,952,100	$ 2.91
1987	1,936,950	2.57
1986	2,002,870	1.59
1985	2,014,476	1.65
1984	2,010,750	1.81

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Electronic products	$ 21,672	$ 21,074
Electrical products	28,683	14,619
Mechanical products	18,535	7,628
Total	$ 68,890	$ 43,321

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.72	—	—
1987	0.54	—	
1986	0.38	—	—
1985	0.30	—	—
1984	0.24	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 29,014,000	$ 14.86
1987	24,604,000	12.70
1986	21,925,000	10.95
1985	19,743,000	9.80
1984	17,052,000	8.48

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 68,890,000	$ 43,321,000
Cost of sales	48,604,000	26,215,000
Expenses	10,947,000	8,352,000
Interest income	(843,000)	(744,000)
Interest expense	1,070,000	132,000
Other expense	130,000	85,000
Income before taxes	$ 8,982,000	$ 9,281,000
Income taxes	3,310,000	4,138,000
Net Income	$ 5,672,000	$ 5,143,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,227,000 in 1988 and $1,127,000 in 1987.
‡ Restated.

Assets

As of Dec. 31	1988	1987
Cash	$ 1,775,000	$ 997,000
Cert. of deposit	6,452,000	6,046,000
Marketable securities	419,000	5,403,000
Accts. & notes receiv., net	13,041,000	5,979,000
*Inventories	12,921,000	6,517,000
Prepaid expenses	256,000	245,000
Current Assets	$ 34,864,000	$ 25,187,000
#Fixed assets	18,302,000	4,788,000
Mortgage receivable	289,000	316,000
Other assets	376,000	420,000
Total Assets	$ 53,831,000	$ 30,711,000

Liabilities

Long-term debt, curr.	$ 640,000	$ 72,000
Accts. payable	4,681,000	1,331,000
Accrued payroll	2,001,000	1,128,000
Income taxes	626,000	242,000
Dividends payable	410,000	349,000
Other accruals	1,808,000	865,000
Curr. Liabilities	$ 10,166,000	$ 3,987,000
Long-term debt	14,135,000	1,275,000
Deferred inc. taxes	516,000	845,000
+Common stock	373,000	373,000
Add. paid-in capital	2,264,000	1,952,000
Retained earnings	31,384,000	27,173,000
Treasury stock	(4,539,000)	(4,606,000)
Unearned comp.-stock plan	(468,000)	(288,000)
Total Liabilities & Shareholders' Equity	$ 53,831,000	$ 30,711,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.125 par value.

Statistical Summary

%Income bef. Taxes to Revenues	13.04	21.42
%Net Income to Revenues	8.23	11.87
%Net Income to Equity	19.55	20.90
Debt to Equity	0.51	0.05
Working Capital	$ 24,698,000	$ 21,200,000
Current Ratio	3.43	6.32
Shareholders' Equity	$ 29,014,000	$ 24,604,000

Tech/Ops Sevcon, Inc.

One Beacon Street
Boston, Massachusetts 02108-
(617) 523-2030

(In January 1988, Tech/Ops, Inc. was divided into two, new separate public companies, Tech/Ops Sevcon, Inc. and Tech/Ops Landauer, Inc.)

Officers: Marvin G. Schorr, chairman of the board; Bernard F. Start, president & chief executive officer; Robert P. Moncreiff, secretary & counsel; Paul B. Rosenberg, treasurer.

Directors: Marvin G. Schorr, chairman; Bernard F. Start, Eric T. Clarke, Milton C. Lauenstein, Harold C. Mayer, Jr., Paul B. Rosenberg, Herbert Roth, Jr., C. Vincent Vappi.

Areas of Work: Designs, manufactures and distributes solid state controls for electric vehicles, including forklift trucks, mining vehicles, airport tractors, sweepers, and other battery-powered vehicles.

Subsidiaries:

Tech/Ops Limited
Kingsway
Gateshead, NE11 OQA, England
091-487-8516

Tech/Ops S.A.
12 Rue Jean Poulmarch
95100 Argenteuil, France
1-3410-9545

Sevcon, Inc.
40 North Avenue
Burlington, Massachusetts 01803
(617) 272-3612

ICW Limited
Miners Road
Llay Industrial Estate
Wrexham, Clwyd, LL12 0PJ, Wales
097-883-3805

Transfer Agents:

The Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American

Ticker Symbol: TOC

Number of Employees:

1988 225

Plant Footage:

1988 . . . . 66,000 sq. ft.

Sales & Earnings

	Net Sales †	Net Income
1988	$ 14,268,000	$ 1,039,000
1987	10,631,000	557,000
1986	10,275,000	817,000
1985	8,312,000	398,000
1984	7,349,000	46,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	2,084,000	$ 0.50
1987	2,036,000	0.27
1986	2,016,000	0.41
1985	2,257,000	0.18
1984	N.A.	0.02

N.A. - Not Available.
† Includes other income.
‡ Based on the weighted average number of common shares and common share equivalents outstanding. Previous to 1988, shares presented are those for Tech/Ops.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 5,926,000	$ 2.91
1987	5,034,000 *	2.33
1986	4,017,000 *	—

* Parent company investment.

Income Account *

Year ended Sept. 30	1988	1987
Net sales & other income	$ 14,268,000	$ 10,631,000
Cost of sales	8,971,000	6,396,000
Expenses	3,709,000	3,297,000
Interest expense	16,000	12,000
Other expense (income)	(145,000)	7,000
Income before taxes	$ 1,717,000	$ 919,000
Income taxes	678,000	362,000
Net Income	$ 1,039,000	$ 557,000

* Included in Costs and Expenses, Depreciation and Amortization: $279,000 in 1988 and $240,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 1,751,000	$ 994,000
Accts. receiv., net	2,122,000	2,639,000
*Inventories	2,522,000	1,839,000
Current Assets	$ 6,395,000	$ 5,472,000
# Fixed assets	1,167,000	1,180,000
Other assets	90,000	87,000
Intangibles	1,519,000	1,522,000
Total Assets	$ 9,171,000	$ 8,261,000

Liabilities

	1988	1987
Notes payable	$ 23,000	$ 33,000
Accts. payable	1,169,000	823,000
Accrued compensation	542,000	391,000
Other accruals	871,000	585,000
Deferred income taxes	317,000	1,040,000
Curr. Liabilities	$ 2,922,000	$ 2,872,000
Deferred inc. taxes	323,000	355,000
+ Common stock	2,036,000	—
Parent company invest.	—	5,034,000
Add. paid-in capital	3,457,000	—
Retained earnings	837,000	—
Cum. trans. adjust.	(404,000)	—
Total Liabilities & Shareholders' Equity	$ 9,171,000	$ 8,261,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value; $1 stated value.

Statistical Summary

	1988	1987
% Income bef. Taxes to Sales	12.03	8.64
% Net Income to Sales	7.28	5.24
% Net Income to Equity	17.53	11.06
Sales to Inventories	5.66	5.78
Debt to Equity	—	0.01
Working Capital	$ 3,473,000	$ 2,600,000
Current Ratio	2.19	1.91
Shareholders' Equity	$ 5,926,000	$ 5,034,000

Tech-Sym Corporation

10500 Westoffice Drive
Houston, Texas 77042-5311
(713) 785-7790

Officers: Wendell W. Gamel, chairman of the board & president; Robert E. Moore, v.p., secretary & general counsel; Ray F. Thompson, treasurer & controller, & president-Syntron, Inc.; Coy J. Scribner, v.p. & president-Metric Systems Corp.; O. Dale Burris, president-TRAK Microwave Corporation; J. Rankin Tippins, associate general counsel & asst. secretary; Alice Stacy, asst. secretary.

Directors: Keith R. Beeman, Wendell W. Gamel, Robert E. Moore, Joal A. Teresko, Coy J. Scribner, Rollin J. Sloan, Christopher C. Kraft, Jr., Albert A. Gallotta, Jr., Charles K. Watt.

Areas of Work: Engaged primarily in the design, development, production and sale of advanced electronic systems, and electronic components and aeromechanical products, principally in defense-related markets.

Divisions and Subsidiaries:

TRAK Microwave Corporation
4726 Eisenhower Boulevard
Tampa, Florida 33634
(813) 884-1411
Designs, manufactures and markets a variety of electronic microwave components that are sold to manufactures of electronic systems.

TRAK Microwave Company Limited
3 Lindsay Court
Dundee Technology Park
Dundee DD2 1TY Scotland
0382 561509
Manufactures a broad range of ferrite isolators and circulators, along with a variety of other passive microwave components, for commercial applications.

Metric Systems Corporation
645 Anchors Street
Fort Walton Beach, Florida 32548
(904) 244-9600
Produces military electronics, industrial and commercial data interface, monitoring and data processing. Military electronic products include timing terminals, the IRIG Time Reader, real time interface systems, meterological data processing systems, and other computer oriented systems. Produces monitoring and controls products and systems for paper mill boiler operations, paper production and electric power companies. Has developed a microprocessor, a small scale digital computer designed around a central integrated circuit. The Aeromechanics Division of Metric Systems Corporation is a supplier of materials and equipment for the domestic military transportation market; products include aerial delivery equipment.

Enterprise Electronics Corporation
Industrial Boulevard
P.O. Box 1216
Enterprise, Alabama 36331
(205) 347-3478
World-wide supplier of radar systems for meterology. The systems detect, analyze and display information on weather patterns.

Tecom Industries, Inc.
9324 Topanga Canyon Blvd.
Chatsworth, California 91311
(818) 341-4010
Manufactures antennas for surveillance, communications, electronic warfare, missiles, and telemetry. Other products include positioners and controllers.

Syntron, Inc.
3000 Hayes Road
Houston, Texas 77082
(713) 531-1100
Manufactures marine seismic equipment.

Syntron Europe Limited
Birchwood Way
Cotes Park Industrial Estate
Somercotes
Derbyshire DE 554QQ, United Kingdom
(0773) 605078
Manufactures, services and repairs streamer cables for use in marine geophysical operations.

Transfer Agent(s):

First City National Bank of Houston
Stock Transfer Section
P.O. Box 809
Houston, Texas 77001

The Chase Manhattan Bank, N.A.
Shareholder Services
1 New York Plaza, 14th Floor
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: TSY

Number of Employees:

1988 . . . . 1,752 1986 1,538
1987 1,706

Plant Footage:

1988 . . . . 480,350 sq. ft. 1986 431,000
1987 450,750

Sales & Earnings

	Net Sales +	Net Income
1988	$ 120,396,000	$ 4,591,000
1987	110,615,000	8,295,000
1986	100,046,000	8,517,000
1985	91,441,000	6,411,000
1984	71,585,000	7,826,000

	No. of Com. Shares		Earn. per Share ‡
1988	6,592,325	$	0.70
1987	6,595,985		1.25
1986	6,623,245		1.29
1985	6,619,225		0.96
1984	6,682,245		1.19

+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding during each year.

Revenues By Line of Business

	1988	1987	1986
Microwave prods.	28 %	27 %	30 %
Vertical launching syst.	17	20	22
Antennas	11	12	13
Radar systems	26	23	21
Meteorological radar syst.	8	10	14
Seismic monitoring syst.	10	8	--
Total	100 %	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 83,093,000	$ 12.60
1987	78,632,000	11.92
1986	70,648,000	10.67
1985	62,110,000	9.38
1984	56,496,000	8.45

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 120,396	$ 110,615,000
Cost of sales	82,244,000	73,901,000
Expenses	23,100,000	20,583,000
Prod. develop. costs	3,196,000	2,431,000
Interest expense	2,398,000	1,972,000
Other income	(861,000)	(2,067,000)
Income bef. taxes	$ 10,319,000	$ 13,795,000
Income taxes	3,750,000	5,500,000
Inc.-cont. oper.	$ 6,569,000	$ 8,295,000
Loss-discont. oper.	(2,842,000)	—
Cum. effect of acct. change	864,000	—
Net Income	$ 4,591,000	$ 8,295,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,164,000 in 1988 and $3,535,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 1,625,000	$ 3,219,000
Marketable securities	9,630,000	10,850,000
Receiv., net	19,161,000	18,324,000
Unbilled revenue	38,302,000	40,562,000
*Inventories	18,421,000	13,817,000
Other curr. assets	2,028,000	596,000
Current Assets	$ 89,167,000	$ 87,368,000
#Fixed assets	24,701,000	24,465,000
Long-term receivables	1,169,000	5,297,000
Prop. held for resale	1,062,000	1,176,000
Other assets	5,411,000	3,881,000
Total Assets	$ 121,510,000	$ 122,187,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 2,768,000	$ 11,497,000
Accts. payable	5,485,000	5,776,000
Accruals	8,100,000	6,986,000
Income taxes	252,000	1,404,000
Current Liabilities	$ 16,605,000	$ 25,663,000
Long-term debt	17,358,000	13,524,000
Deferred inc. taxes	2,814,000	3,053,000
Other liabilities	1,640,000	1,315,000
+ Common stock	691,000	689,000
Add. paid-in capital	32,457,000	32,272,000
Retained earnings	51,929,000	47,338,000
Treasury stock	(1,984,000)	(1,667,000)
Total Liabilities & Shareholders' Equity	$ 121,510,000	$ 122,187,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and depletion.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	12.47
%Net Income to Sales	—	7.50
%Net Income to Equity	5.53	10.55
Sales to Inventories	6.54	8.01
Debt to Equity	0.24	0.32
Working Capital	$ 72,562,000	$ 61,705,000
Current Ratio	5.37	3.40
Shareholders' Equity	$ 83,093,000	$ 78,632,000

Tektronix, Inc.

P.O. Box 500
14150 S.W. Karl Brown Drive
Beaverton, Oregon 97077
(503) 627-7111

Officers: Robert W. Lundeen, chairman; David P. Friedley, president & chief exec. officer; Willem B. Velsink, v.p. & gen. mgr.-Microwave Group; Larry N. Choruby, sr. v.p. & chief financial officer; Lawrence R. Kaplan, v.p. & gen. mgr.-Information Display Group; Richard I. Knight, v.p. & gen. mgr.-Systems Group; Stanley F. Kouba, v.p. & gen. mgr..-Customer Services Group; Daniel G. Wright, v.p. & gen. mgr.-Communications Group; John L. Landis, v.p.-international operations; Philip J. Robinson, v.p.-administration; Kevin T. Considine, v.p.; Charles H. Frost, v.p.; Frederick L. Hanson, v.p. & gen. mgr.-Instruments Group; Stanley F. Kouba, v.p.; Tom Long, v.p. & gen. mgr.-Technology Group; R. Allen Leedy, Jr., v.p., secretary & gen. counsel; Robert E. Newberry, asst. controller.; Terry Clifford, treasurer; Jack Raiton, controller; Edward J. Lewis, asst. secretary; N. Eric Jorgensen, asst. secretary; Barbara J. Block, asst. treasurer; Sandra L. Mabee, asst. controller.

Directors: Robert W. Lundeen, chairman; James B. Castles, Louis B. Perry, William D. Walker, Paul Bragdon, F. Paul Carlson, Donald O. Pederson, Jean E. Vollum, Leo J. Chamberlain, David P. Friedley, Alfred M. Gleason, John D. Gray.

Areas of Work: Designs, manufactures and markets a wide variety of electronic equipment for design, service and manufacturing. These include laboratory and portable oscilloscopes, instrument systems, accessories, spectrum and logic analyzers, LSI and VSLI semiconductor testers, microprocessor development systems, television test and production equipment, fiber optic and coaxial reflectometers, and network testers. Also manufactures smart and intelligent graphic computer workstations, inkjet and dry silver hardcopy devices, graphic input products, graphic display products and electronic design software.

Subsidiaries:

TriQuint Semiconductor, Inc.
Beaverton, Oregon

Tektronix Development Corp.
Beaverton, Oregon

The Grass Valley Group, Inc.
Grass Valley, California

Dubner Computer Systems, Inc.
Fort Lee, New Jersey

Tektronix Australia Pty. Ltd.
Sydney, Melbourne, Balwyn, Brisbane, Canberra, Adelaide & Perth, Australia

Tektronix Ges. mbH
Vienna & Graz, Austria

Tektronix S.A.
Brussels, Belgium

Tektronix Canada Inc.
Barrie, Calgary, Edmonton, Malifax, Montreal, Ottawa, Toronto & Vancouver, Canada

Tektronix A/S
Copenhagen, Denmark

Tektronix S.A.
Paris, Aix-en-Provence, Lyon, Nanterre, Merignac, Rennes, Strasbourg & Toulouse, France

Tektronix GmbH
Cologne, West Germany

Tektronix Holland N.V.
Hoofddorp & Heerenveen, The Netherlands

Sony/Tektronix Corporation (50% owned)
Tokyo & Gotemba, Japan

Tektronix AB
Stockholm & Gothenburg, Sweden

Tektronix International AG
Zug, Switzerland

Tektronix U.K. Ltd.
Livingston, Scotland
Hoddesdon, Marlow & Manchester, England

Tektronix Ireland Limited
Dublin, Ireland

Tektronix Norge A/S
Oslo, Norway

Tektronix Oy
Helsinki, Finland

Tektronix Industria e Comercio Ltda.
Rio de Janeiro & Sao Paulo, Brazil

Tektronix Guernsey Limited
Channel Island of Guernsey

Tektronix S.A. de C.V. (49% owned)
Mexico City, Mexico

Tektronix S.p.A.
Milan, Rome and Turin, Italy

Tektronix Espanola S.A.
Madrid, Barcelona & Bilbao, Spain

Tektronix Foreign Sales Corporation
St. Thomas, U.S. Virgin Islands

Grass Valley International, Inc.
St. Thomas, U.S. Virgin Islands

Tektronix China, Limited
Beijing, People's Republic of China

LP Com, Inc.
Mountain View, California

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Stock Exchange(s): New York, Pacific

Ticker Symbol: TEK

Number of Employees:

1988	16,085	1985	20,525
1987	17,099	1984	20,693
1986	19,251		

Plant Footage:

1988	7,578,000 sq. ft.	1985	7,840,000
1987	7,689,000	1984	7,747,000
1986	7,901,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 1,411,864,000	$ (16,667,000)
1987	1,395,885,000	51,188,000
1986*	1,352,212,000	39,327,000
1985	1,438,082,000	90,181,000
1984	1,332,958,000	112,054,000

	No. of Com. Shares †	Earn. per Share #
1988	28,155,000	$ —
1987	36,977,000	1.33
1986*	38,555,000	0.98
1985	41,402,000	2.20
1984	40,484,000	2.87

(Loss)
* 53 weeks.
† Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1988	1987
Test & measure. prod. sales	$ 881,992,000	$ 850,595,000
Info. display prod. sales	283,089,000	338,097,000
Communications prod. sales	246,783,000	207,193,000
Total	$ 1,411,864,000	$ 1,395,885,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.60	—	—
1987	0.55	—	
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 497,496,000	$ 17.67
1987	838,424,000	22.67
1986	837,059,000	21.71
1985	635,038,000	20.65
1984	783,174,000	19.35

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	5/28/88	5/30/87
Net sales	$ 1,411,864	$ 1,395,885
Cost of sales	685,626	639,728
Expenses	665,947	601,980
Profit sharing	24,913	53,882
Interest expense	15,860	10,479
Other expense (income)	3,929	(13,222)
Income before taxes	$ 15,589	$ 103,038
Income taxes	32,256	51,850
Net Income (Loss)	$ (16,667)	$ 51,188

* Included in Costs and Expenses, Depreciation: $81,742,000 in 1988 and $83,816,000 in 1987.

Assets
(000's)

As of	5/28/88	5/30/87
Cash	$ 49,074	$ 242,735
Accts. receiv.	262,304	251,642
* Inventories	180,881	146,196
Prepaid expenses	52,033	56,230
Current Assets	$ 544,292	$ 696,803
Other assets	132,499	105,037
# Fixed assets	347,469	357,573
Total Assets	$ 1,024,260	$ 1,159,413

Liabilities
(000's)

	5/28/88	5/30/87
Short-term debt	$ 13,600	$ 2,905
Accts. payable	134,708	108,718
Accrued compensation	87,632	95,764
Income taxes	13,931	21,844
Curr. Liabilities	$ 249,871	$ 229,231
Long-term debt	219,393	50,857
Other liabilities	20,125	8,434
Deferred inc. taxes	37,375	32,467
+ Common stock	149,714	130,610
Reinvested earnings	292,116	803,722
Treasury stock	—	(133,798)
Currency trans. adj.	55,666	37,890
Total Liabilities & Shareholders' Equity	$ 1,024,260	$ 1,159,413

* At lower of cost or market. (U.S. inventories at LIFO, foreign at FIFO).
# Less accumulated depreciation.
+ No par value.

Statistical Summary

	5/28/88	5/30/87
% Income bef. Taxes to Sales	1.10	7.38
% Net Income to Sales	—	3.67
% Net Income to Equity	—	6.11
Sales to Inventories	7.81	9.55
Debt to Equity	0.47	0.06
Working Capital	$ 294,421,000	$ 447,572,000
Current Ratio	2.18	2.80
Shareholders' Equity	$ 497,496,000	$ 838,424,000

Teledyne, Inc.

1901 Avenue of the Stars
Los Angeles, California 90067
(213) 277-3311

Officers: Henry E. Singleton, chairman of the board; George A. Roberts, chief exec. officer & president; Hudson B. Drake, sr. v.p.; William P. Rutledge, sr. v.p.; G. Williams Rutherford, vice president; Leo W. Killen, vice president; Allen H. Orbuch, vice president; Jerrold V. Jerome, vice president; Gordon J. Bean, treasurer; Judith R. Nelson, secretary.

Directors: Henry E. Singleton, chairman; George Kozmetsky, George A. Roberts, Arthur Rock, Fayez Sarofim.

Areas of Work: The Company's major business segments include aviation and electronic products, industrial products, specialty metal products, and consumer products. Aviation and electronic products include aircraft engines, airframe structures, remotely piloted vehicles, drone systems, spacecraft and avionics. This segment also includes the manufacture of semiconductors, relays, aircraft monitoring and control systems, military electronic equipment and other related products and systems. Internal combustion engines are the major product of the industrial segment, including the manufacture of air and water cooled, gasoline and diesel fueled engines. Other products in this segment include machine tools, dies and consumable tooling. Specialty metal products include zirconium, high-speed and alloy steels, tungsten and molybdenum. Other operations in this segment include processing, casting, rolling and forging metals. The consumer segment includes oral hygiene products, shower massages, water filters, high fidelity speakers and other products and services. The Company also conducts insurance operations.

Divisions and Subsidiaries:

Aviation and Electronics

Teledyne Aerospace Systems
1007 E. 10th Street
Fairmont, Minnesota 56031

Designs and produces high quality multi-conductor electrical cable assemblies and wiring harnesses.

Teledyne Avionics
Charlottesville-Albemarle Airport
Charlottesville, Virginia 22906

Produces angle of attack instrumentation, pneumatic instrumentation such as the IVSI (Intertial-lead Vertical Speed Indicator), and audiometers used to screen children for hearing disabilities.

Teledyne Battery Products
840 West Brockton
Redlands, California 92374

Designs and manufactures dry charged lead acid batteries for military trucks, aircraft, standby power, and other specialty applications.

Teledyne Brown Engineering
Cummings Research Park
Huntsville, Alabama 35807

Manufactures missile components and subsystems and targets and drones for the military; performs tasks ranging from ground test support for the main engine to the role of payload integration, in the U.S. Shuttle program.

Teledyne CAE
1330 W. Laskey Road
Toledo, Ohio 43612

Designs, develops and manufactures gas turbine engines.

Teledyne Camera Systems
131 North Fifth Avenue
Arcadia, California 91006

Manufactures photographic instrumentation, photo-optical systems and components including specialized airborne cameras, underwater photographic equipment and infrared detection systems.

Teledyne Continental Motors Aircraft Products
Brookley & Industrial Complex
Mobile, Alabama 36615

Produces aircraft piston engines.

Teledyne Controls
12333 W. Olympic Boulevard
Los Angeles, California 90064

Produces a wide variety of electronic equipment for commercial, military and other applications, including airborne electronic equipment utilizing automatic digital communication.

Teledyne Crystalonics
147 Sherman Street
Cambridge, Massachusetts 02140

Manufactures high reliability semiconductors and specializes in the redevelopment of silicon transistor, tuning and current regulator diodes and hybrid microcircuits.

Teledyne Electro-Mechanisms
110 Lowell Road
Hudson, New Hampshire 03051

Produces flexible etched circuitry used in high reliability aerospace and electronic applications where space and weight requirements must be kept to a minimum.

Teledyne Electronics
649 Lawrence Drive
Newbury Park, California 91320

Designs, develops and manufactures airborne and ground based identification systems and test equipment (Identification Friend or FOE/Air Traffic Control). Also produces telemetry transmitters, multiplexers and signal conditioning equipment.

Teledyne Hastings-Raydist
804 Newcombe Avenue
Hampton, Virginia 23661

Provides products and services for navigational purposes such as precise radio location and positioning in inland and coastal waterways.

Teledyne Kinetics
410 South Cedros Avenue
Solana Beach, California 92075

Designs and manufactures proprietary electro-mechanical products including motor drive switches for use on missiles and space vehicles and printed circuit connectors.

Teledyne Lewisburg
Industrial Park
Lewisburg, Tennessee 37091

Manufactures high reliability electronic and electromechanical equipment for defense, space and industrial applications including UHF radio communications systems, fixed station transceivers, process control equipment for nuclear energy plant safety systems and data acquisition equipment for wind tunnel operation and control.

Teledyne McCormick Selph
3601 Union Road
Hollister, California 95023

Produces ordnance devices and specialty chemicals.

Teledyne MEC
3165 Porter Drive
Palo Alto, California 94304

Manufactures microwave devices for use in electronic counter-measures.

Teledyne Microelectronics
12964 Panama Street
Los Angeles, California 90066

Manufactures custom, high-reliability hybrid microcircuits.

Teledyne Microwave
1290 Terra Bella Avenue
Mountain View, California 94043

Designs and manufactures passive and active microwave devices and subsystems, including filters, multiplexers and integrated sub-assemblies; ferrite components including circulators and isolators; coaxial, SPDT, transfer and multithrow switches and voltage controlled oscillator systems.

Teledyne Neosho
Doniphan Drive
Neosho, Michigan 64850

Precision gear for jet, tubine, and reciprocating engines.

Teledyne Philbrick
Allied Drive at Route 128
Dedham, Massachusetts 02026

Manufactures hybrid and modular electronic components including, data converters, linear circuit components, nonlinear components and power supplies.

Teledyne Relays
12525 Daphne Avenue
Hawthorne, California 90250

Manufactures hermetically sealed electromechanical relays and solid-state relays for electronic applications.

Teledyne Ryan Aeronautical
2701 Harbor Drive
San Diego, California 92138

Designs and develops remotely piloted supersonic airborne vehicles, Doppler velocity sensors, radar and infrared altimeters, microwave and electronically scannable antennas and space landing radars.

Teledyne Ryan Electronics
8650 Balboa Avenue
San Diego, California 92123

Designs and manufactures high-technology radar-related navigation and avionic systems.

Teledyne Semiconductor
1300 Terra Bella Avenue
Mountain View, California 94043

Manufactures semiconductor components and integrated circuits.

Teledyne Systems
19601 Nordhoff Street
Northridge, California 91324

Engaged in the manufacture of airborne and spaceborne computers, intertial and radio frequency navigation systems, custom test and ground support systems. Sales are principally to government and defense.

Teledyne Thermatics
P.O. Box 909
Elm City, North Carolina 27822

Full service wire and cable company.

Transfer Agent(s):

Bank of America N.T. & S.A.
Corporate Agency Service Center
P.O. Box 37002
San Francisco, California 94137

Stock Exchange(s): New York, Pacific

Ticker Symbol: TDY

Number of Employees:

1988	43,800	1985	47,200
1987	44,400	1984	45,000
1986	44,800		

Plant Footage:

1988	22,700,000 sq. ft.	1986	22,200,000
1987	22,200,000		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1988	$ 3,534,600	$ 391,800
1987	3,216,800	377,200
1986	3,241,400	238,300
1985	3,256,200	546,400
1984	3,494,300	574,300

	No. of Com. Shares ‡	Earn. per Share ‡
1988	11,320,289	$ 34.03
1987	11,667,978	32.25
1986	11,709,478	20.35
1985	11,709,478	46.66
1984	15,235,393	37.69

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Aviation & electronics	$ 1,548,100	$ 1,439,300
Specialty metals	857,500	713,600
Industrial	805,500	768,600
Consumer & other	323,500	295,300
Total	$ 3,534,600	$ 3,216,800

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 2,138,400,000	$ 174.55
1987	,976,000,000	169.35
1986	1,636,600,000	139.77
1985	1,577,400,000	134.71
1984	1,159,300,000	76.09

# Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 3,534,600	$ 3,216,800
Interest income	988,100	962,800
Other	75,100	66,000
Total income	$ 4,597,800	$ 4,245,600
Cost of sales	2,709,900	2,460,600
Benefits & loss exp.	507,100	500,500
Sell. & adm. exp.	478,800	446,400
Underwriting exp.	361,800	346,100
Other expense	123,400	123,100
Gain on sale of secur.	(121,500)	(171,900)
Income before taxes	$ 538,300	$ 540,800
Income taxes	186,100	200,300
Eq. in inc. of investees	(39,600)	(36,700)
Net Income	$ 391,800	$ 377,200

* Included in Costs and Expenses, Depreciation and Amortization: $101,800,000 in 1988 and $100,200,000 in 1987.

Assets
(000's)

As of Dec. 31	1987	1986
Receiv., net	$ 956,600	$ 848,700
*Inventories	267,200	244,000
Investments:		
Fixed maturities	2,295,600	2,314,800
Equity securities	155,500	246,300
Investees	410,900	355,700
Other	252,500	205,600
#Fixed assets	313,700	320,300
Intangibles	182,100	180,900
Def. policy acq. costs	171,900	156,000
Other assets	119,300	64,600
Total Assets	$ 5,125,300	$ 4,936,400

Liabilities
(000's)

Long-term debt	$ 564,600	$ 564,700
Insurance reserves	1,292,400	1,231,300
Thrift invest. certif.	308,600	289,500
Accts. payable	152,500	170,200
Unearned premiums	167,400	154,100
Accrued income taxes	107,600	147,300
Other accruals	393,800	403,300
+Common stock	11,200	11,700
Add. paid-in capital	79,600	82,900
Retained earnings	1,989,500	1,795,600
Equity in unrealized apprec. in marketable sec. of uncons. subs.	54,800	83,000
Curr. trans. adjust.	3,300	2,800
Total Liabilities & Shareholders' Equity	$ 5,125,300	$ 4,936,400

* At lower of cost (FIFO and LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.23	16.81
%Net Income to Sales	11.08	11.73
%Net Income to Equity	18.32	19.09
Sales to Inventories	13.23	13.18
Debt to Equity	0.26	0.29
Shareholders' Equity	$ 2,138,400,000	$ 1,976,000,000

Teleflex Incorporated

155 South Limerick Road
Limerick, Pennsylvania 19468
(215) 948-5100

Officers: L. K. Black, chairman & chief executive officer; David S. Boyer, president & chief operating officer; John H. Remer, vice chairman & chief administrative officer; John J. Sickler, president & chief operating officer-Defense/Aerospace Group; Ira Albom, sr. v.p.; Roy C. Carriker, president and chief operating officer-Sermatech International; Harold L. Zuber, Jr., v.p. & controller; John F. Schoenfelder, v.p., secretary & treasurer; Steven K. Chance, v.p. & dir.-legal services; Michael W. Young, v.p..

Directors: John H. Remer, L. K. Black, John J. Sickler, Lewis E. Hatch, Jr., Pemberton Hutchinson, Palmer E. Retzlaff, Donald Beckman, Lewis W. Bluemle, Jr., David S. Boyer, Richard A. Woodfield.

Areas of Work: Specialized mechanical, electromechanical, and hydraulic control systems including steering, engine controls, and cable linkages for aircraft, space vehicles, commercial ships and vehicular industries. Measurement and control systems for nuclear and chemical reactors, industrial processes, and other hostile atmospheres. Custom designed mechanical wire and cable controls including accelerators and cruise controls, hood releases, transmission and shift controls, disappearing tailgate window regulator system, heater, vent, and air conditioning controls, brake release controls, seat-back latches, and sunroof helical cable assemblies for automotive and motor truck industries. Engine control systems, electrical instrumentation systems, cables and wiring harnesses for buses, trucks, industrial and leisure vehicles. Mechanical steering systems, engine control systems and cables, electrical instrumentation systems and wiring harnesses for pleasure marine industry. Serme-Tel inorganic corrosion resistant coatings and processes, ceramic compounds, and composites for aerospace, electronic, and industrial markets. Highly engineered fluoroplastic products including smooth wall and convoluted tubing, sleeving, and conduit, shapes, profile, custom linings and lined products, braided hose, custom wire products, rod and beading, and heat shrinkables for aerospace, automotive, industrial, medical and electronic applications.

Operations & Subsidiaries:

Major Facilities:

TFX Engineering Ltd.
Hamilton, Bermuda
Hong Kong

Teleflex Development & Training Center
King of Prussia, Pennsylvania

Technical Products and Services:

Teleflex Aerospace
Church Road
North Wales, Pennsylvania 19454

Hoover Electric Company
2100 South Stoner Avenue
Los Angeles, California 90025
(213) 272-3125

Teleflex Defense Systems
King of Prussia, Pennsylvania
Spanish Fork, Utah

Utah Valley Casting Corporation
Spanish Fork, Utah

Aero Space Controls Corporation
Wichita, Kansas

Electro-Pneumatic International GmbH
Hausham, West Germany

Motano International
King of Prussia, Pennsylvania

Robinson-Halpern Company
Plymouth Meeting, Pennsylvania
Designs, manufactures and markets transducers for measuring linear displacement, pressure and velocity.

The Talley Corporation
Newbury Park, California
Designs and manufactures various actuators, control valves and missile launch components used by the defense/aerospace industry.

Aries Medical, Inc.
Woburn, Massachusetts

TFX Medical
Jaffrey, New Hampshire
Limerick County, Ireland

Warne/Franklin
Lurgan, Northern Ireland
High Wycombe, England

Sermatech International, Inc.

Sermatech Technical Services
Limerick, PA
Hartford, CT
Houston, TX
Los Angeles, CA
West Palm Beach, FL
Montreal, Canada
Dusseldorf, West Germany
Derbyshire, England

Seratech Repair Services
Hartford, CT
Derbyshire, England

Sermatech Materials Division
Limerick, Pennsylvania

Airfoil Management Company
Los Angeles, CA
Derbyshire, England

ECT Inc.
Limerick, Pennsylvania

Commercial Products:

Teleflex Automotive
2530 Industrial Row
Troy, Michigan 48084
(313) 280-0620

Capro, Inc.
300 South Cochran
Willis, Texas 77378

Teleflex Fluid Systems
Progress Industrial Park
506 Hayden Station Road
Windsor, Connecticut 06095
(203) 633-0745

Teleflex Fluoroplastics Inc.
Jaffrey, New Hampshire

Mechanical Division
Limerick, Pennsylvania

Electrical Division
Sarasota, Florida

Hydraulic Division
Vancouver, Canada

Acquisition:

Inmed Corporation
A medical products company producing a line of invasive disposable devices.
Alpharetta, GA
West Sussex, England
Taiping, Malaysia

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
1 Chase Manhattan Plaza
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: TFX

Number of Employees:

1987	3,760	1984	2,000
1986	3,500	1983	1,940
1985	2,400		

Sales & Earnings

	Net Sales	Net Income
1987	$ 269,777,000	$ 19,671,100
1986	214,181,000	16,430,100
1985	171,816,400	13,308,300
1984	153,310,700	11,310,000
1983	129,341,000	9,501,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	10,973.000	$ 1.79
1986	10,877,000	1.51
1985	10,602,000	1.26
1984	10,526,000	1.07
1983	10,366,000	0.92

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Commercial products	48 %	51 %
Technical products & services	52	49
Total	100 %	100 %

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.32	—	—
1986	0.27	—	
1985	0.23	—	—
1984	0.21	—	—
1983	0.19	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1987	$ 115,517,100	$ 10.53
1986	100,572,700	9.37
1985	84,312,300	8.03
1984	72,619,600	6.96
1983	63,562,600	6.12

† Adjusted to reflect stock split.

Income Account *

Year ended	12/27/87	12/28/86
Net sales	$ 269,777,900	$ 214,181,900
Cost of sales	185,587,400	147,701,200
Expenses	49,631,300	39,837,100
Interest expense	4,885,800	3,678,500
Other income	(1,987,700)	(3,965,000)
Income before taxes	$ 31,661,100	$ 26,930,100
Income taxes	11,990,000	10,500,000
Net Income	$ 19,671,100	$ 16,430,100

* Included in Costs and Expenses, Depreciation and Amortization: $9,754,600 in 1987 and $7,244,700 in 1986.

Assets

As of	12/27/87	12/28/86
Cash & short-term invest.	$ 26,220,500	$ 24,247,000
Accts. receiv., net	58,004,000	44,143,300
*Inventories	53,124,000	41,792,700
Prepaid expenses	2,440,500	1,793,400
Current Assets	$ 139,789,000	$ 111,976,400
#Fixed assets	79,783,300	70,804,500
Other assets	6,334,400	2,380,800
Total Assets	$ 225,906,700	$ 185,161,700

Liabilities

Demand loans	$ 8,425,500	$ 5,474,000
Accts. payable	20,796,000	17,546,700
Long-term debt, curr.	3,880,100	4,831,500
Accruals	8,350,700	7,685,700
Income taxes	8,066,400	6,715,400
Curr. Liabilities	$ 49,518,700	$ 42,253,300
Long-term debt	55,012,900	37,577,700
Deferred inc. taxes	5,858,000	4,758,000
+ Common stock	10,857,000	10,729,700
Add. paid-in capital	21,138,300	20,163,800
Retained earnings	86,028,500	69,871,700
Foreign curr. trans. adj.	1,762,100	(192,500)
Treasury stock	(4,268,800)	—
Total Liabilities & Shareholders' Equity	$ 225,906,700	$ 185,161,700

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value.

Teleflex Incorporated

Statistical Summary

% Income bef. Taxes to Sales	11.74	12.57
% Net Income to Sales	7.29	7.67
% Net Income to Equity	17.03	16.34
Sales to Inventories	5.08	5.12
Debt to Equity	0.58	0.48
Working Capital	$ 90,270,300	$ 69,723,100
Current Ratio	2.82	2.65
Shareholders' Equity	$ 115,517,100	$ 100,572,700

Telxon Corporation

3330 West Market Street
Akron, Ohio 44313-3352
(216) 867-3700
(800) 321-2424

Officers: Robert F. Meyerson, chairman; Raymond D. Meyo, president & chief exec. officer; Ronald D. Bufton, sr. v.p.-operations; Eugene A. Novak, sr. v.p. & chief financial officer; Steven L. Galvanoni, v.p.-North American sales; Gary J. Sniadak, v.p.-field service; Thomas J. Kinch, v.p.-marketing; George D. Kostell, v.p.-engineering.

Directors: Robert F. Meyerson, chairman; Raymond D. Meyo, Dan R. Wipff, M. Donald McClusky, Raj Reddy.

Areas of Work: Designs, manufactures, markets and services hand-held, portable, interactive microcomputer systems.

Subsidiaries:

Telxon mde GmbH
Gutenbergring 1-5
2000 Norderstedt
Hamburg, Germany

Telxon Limited
Old Orchard High Street
Poole, Dorset BH151AE, United Kingdom

Telxon Canada Corporation, Inc.
2651 John Street, Unit 6
Markham, Ontario L3R 2W5 Canada

Telxon Australia Pty. Limited
Commercial Union Building, 3rd Floor
90 Arthur Street
North Sydney, N.S.W. 2060, Australia

Telxon France S.A.
Parc Hightec Apogee
Avenue Du Canada
ZA de Courto-boeuf, 91966 Les Ulis Cedex, France

MicroOffice Systems Technology, Inc.
35 Kings Highway
East Fairfield, Connecticut 06430

Transfer Agent(s):

AmeriTrust Company N.A.
900 Euclid Avenue
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TLXN (NASDAQ)

Number of Employees:

1989	1,200	1987	760
1988	910		

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income †
1989	$ 159,622,000	$ 15,371,000
1988	123,860,000	14,012,000
1987	100,819,000	12,730,000
1986	82,095,000	8,109,000
1985	64,019,000	4,984,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1989	13,201,867	$ 1.17
1988	13,363,964	1.05
1987	13,574,644	0.94
1986	12,722,962	0.64
1985	11,206,723	0.45

† Including extraordinary gains of $499,000 ($0.04 per share) in 1989, $121,000 ($0.01 per share) in 1988, $399,000 ($0.03 per share) in 1987, $224,000 ($0.02 per share) in 1986 and $114,000 ($0.01 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business

	1989	1988
Product sales	$ 138,465,000	$ 106,655,000
Field service	21,157,000	17,205,000
Total	$ 159,622,000	$ 123,860,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1989	$ 0.01	—	—
1988	0.01	—	
1987	0.01	—	—
1986	0.007	—	3-for-2
1985	0.005	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 95,353,000	$ 7.22
1988	79,559,000	5.95
1987	69,256,000	5.10
1986	54,673,000	4.30
1985	28,928,000	2.58

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account
(000's)

Year ended Mar. 31	1989	1988
Revenues	$ 159,622	$ 123,860
Cost of sales & serv.	79,167	56,064
Expenses:		
Selling	34,109	26,626
Prod. develop. & eng.	9,849	7,563
Gen. & adm.	13,681	11,192
Interest income	(4,051)	(3,436)
Interest expense	3,762	3,060
Income before taxes	$ 23,105	$ 22,791
Income taxes	8,233	8,900
Net Income	$ 14,872	$ 13,891
Extraord. gain	499	121
Net Income & extraord. gain	$ 15,371	$ 14,012

Assets
(000's)

As of Mar. 31	1989	1988
Cash	$ 49,808	$ 62,678
Accts. receiv., net	52,847	41,889
Other receivables	2,704	2,472
*Inventories	38,234	24,532
Prepaid expenses	3,068	903
Current Assets	$ 146,661	$ 132,474
#Fixed assets	17,494	13,334
Other assets	11,398	3,427
Total Assets	$ 175,553	$ 149,235

Liabilities
(000's)

Notes payable	$ 2,602	$ 2,065
Cap. lease oblig. curr.	585	398
Accts. payable	12,276	5,865
Income taxes	2,546	2,556
Accruals	11,373	10,775
Curr. Liabilities	$ 29,382	$ 21,659
Cap. lease oblig.	1,282	332
Deferred inc. taxes	2,359	1,255
Convert. debentures	46,000	46,000
Other liab.	1,177	430
+Common stock	131	129
Add. paid-in capital	41,568	40,521
Retained earnings	53,571	38,330
For. curr. adjust.	83	579
Total Liabilities & Shareholders' Equity	$ 175,553	$ 149,235

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	14.47	18.40
%Net Income to Revenues	9.32	11.22
%Net Income to Equity	15.60	17.46
Debt to Equity	0.05	0.04
Working Capital	$ 117,279,000	$ 110,815,000
Current Ratio	4.99	6.12
Shareholders' Equity	$ 95,353,000	$ 79,559,000

Tenney Engineering, Inc.

1090 Springfield Road
Union, New Jersey 07083
(201) 686-7870

Officers: Saul S. Schiffman, chairman of the board; Robert S. Schiffman, president & chief exec. officer; Seymour B. Sternbach, exec. v.p.; Walter Gottesman, treasurer & secretary; Frank E. Colgan, vice president; G. Kenneth Sneden, vice president.

Directors: Saul S. Schiffman, chairman; Walter Gottesman, Robert S. Schiffman, David C. Schiffman, Seymour B. Sternbach, Stanley Siegel, Herman Hockmeyer.

Areas of Work: Engineers, manufactures and markets high-technology environmental test equipment, custom thin film deposition equipment, and insulated enclosures.

Subsidiaries:

Tenney International, Inc. (FSC)

WesTenn Sales, Inc.
4540 South Decatur Street
Englewood, Colorado 80110
(303) 798-0945

VacTenn, Inc.
1547 Industrial Road
San Carlos, California 94070
(415) 595-0833
Markets specialty lubricants and filtration systems to the aerospace, optical and semiconductor industries.

Gloekler Refrigerator Company
3950 West 20th Street
Erie, Pennsylvania 16512
(814) 838-1928
Manufactures insulated enclosures used in the refrigeration and drug industries.

DynaTenn Inc. dba DynaVac
30 Woodrock Road
P.O. Box 179
Weymouth, Massachusetts 02189
(617) 337-4111

Manufactures custom thin film deposition equipment and has a line of fully automated, computer-controlled optical coating systems.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: TNY

Number of Employees:

1988	280	1986	N.A.
1987	360	1985	350

Plant Footage:

1988	143,000 sq. ft.	1986	N.A.
1987	170,000	1985	141,000

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income
1988	$ 21,944,000	$ (1,441,000)
1987	15,567,000	(944,000)
1986	16,275,000	(91,000)
1985	19,887,000	927,000
1984	18,672,000	1,039,000

	No. of Com. Shares #	Earn. per Share #
1988	3,621,070	$ —
1987	3,603,597	—
1986	3,515,409	—
1985	3,490,225	0.27
1984	3,481,882	0.30

(Loss)
+ Of continuing operations only.
# Based on the average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 5,679,000	$ 1.57
1987	7,973,000	2.21
1986	8,536,000	2.43
1985	8,180,000	2.34
1984	6,956,000	2.00

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1988	1987
Net revenue	$ 21,944,000	$ 15,567,000
Cost of sales	17,614,000	11,157,000
Expenses	6,342,000	5,888,000
Interest expense	771,000	582,000
Interest income	(131,000)	(169,000)
Loss bef. taxes	$ (2,652,000)	$ (1,891,000)
Tax credit	(1,211,000)	(897,000)
Loss - cont. oper.	$ (1,441,000)	$ (994,000)
Inc. (loss) - discont. oper.	(851,000)	50,000
Net Loss	$ (2,292,000)	$ (944,000)

* Included in Costs and Expenses, Depreciation and Amortization: $458,000 in 1988 and $503,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 801,000	$ 741,000
Accts. receiv., net	4,808,000	4,820,000
*Inventories	4,736,000	4,927,000
Income tax receiv.	754,000	538,000
Prepaid expenses	113,000	286,000
Current Assets	$ 11,212,000	$ 11,312,000
#Fixed assets	2,613,000	3,171,000
Net assets - discont. oper.	1,602,000	2,846,000
Other assets	239,000	183,000
Total Assets	$ 15,666,000	$ 17,512,000

Liabilities

	1988	1987
Notes payable	$ 500,000	$ —
Long-term debt, curr.	141,000	253,000
Accts. pay. & accruals	2,938,000	2,301,000
Accrued payroll	500,000	465,000
Deferred inc. tax	—	113,000
Curr. Liabilities	$ 4,079,000	$ 3,132,000
Long-term debt	5,828,000	6,019,000
Deferred inc. taxes	80,000	388,000
+Common stock	365,000	365,000
Add. paid-in capital	2,050,000	2,050,000
Retained earnings	3,395,000	5,687,000
Treasury stock	(131,000)	(129,000)
Total Liabilities & Shareholders' Equity	$ 15,666,000	$ 17,512,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

	1988	1987
Debt to Equity	1.14	0.79
Working Capital	$ 7,133,000	$ 8,180,000
Current Ratio	2.75	3.61
Shareholders' Equity	$ 5,679,000	$ 7,973,000

Teradyne, Inc.

321 Harrison Avenue
Boston, Massachusetts 02118
(617) 482-2700

Officers: Alexander V. d'Arbeloff, chairman of the board & president; G. Russell Ashdown, v.p.-Telecommunications Division; George W. Chamillard, v.p.-Teradyne Connection Systems; George V. d'Arbeloff, v.p.-Industrial/Consumer Division; Joseph B. Lassiter, III, v.p.-Assembly Test/EDA Group; Dennis P. O'Connell, v.p.-connection systems, Europe; James A. Prestridge, v.p.-Component Test Group; Owne W. Robbins, v.p.-finance; Frederick T. Van Veen, v.p.-corporate relations; Loren G. Eaton, v.p.-personnel; Thomas B. Newman, Jr., v.p.-component test service; Ronald N. Borrelli, v.p.-Zehntel Division; Ronald J. Dias, v.p.-ATE manufacturing operations; Stuart M. Osattin, treasurer; Richard E. Dyck, v.p.-Teradyne Japan; Krishna Nasta, v.p.-Telecommunications, Europe; Edward Rogas, Jr., v.p.-Semiconductor Test Division; John P. McCabe, controller; Richard J. Testa, clerk.

Directors: Alexander V. d'Arbeloff, chairman; Henry M. Watts, Jr., Franklin P. Johnson, Jr., Daniel S. Gregory, Edwin L. Artzt, John H. McArthur, Richard J. Testa, Dwight H. Hibbard, John P. Mulroney.

Areas of Work: Engaged in the design and manufacture of automatic and computer-operated instruments for testing semiconductors, electronic components, assemblies, certain types of printed circuit boards and networks; computer-operated laser-trimming systems for manufacturing hybrid circuits and film resistors; wire-wrap connectors and wire-wrapping service; and other electronic items. Also produces telephone line test systems, film resistors and wire-wrap connectors and backplane connection systems.

Divisions:

Semiconductor Test Division
Agoura Hills, California

Manufacturing Systems Division
Boston, Massachusetts

Industrial-Consumer Division
Boston, Massachusetts

Teradyne Connection Systems
Nashua, New Hampshire

Japan Division
Tokyo, Japan

Telecommunications Division
Deerfield, Illinois

Subsidiaries:

Teradyne S.A.
11 bis, Rue Roquepine
Paris VIII, France

Teradyne Holdings Limited
Teradyne Limited
Mark Instruments Limited
England

Teradyne Benelux, Inc.
Teradyne Hong Kong, Ltd.
Teradyne International, Inc.
Teradyne Japan, Ltd.
Teradyne Canada Limited
Teradyne Italia S.r.l.
Teradyne GmbH
Teradyne K.K.
Teradyne Korea, Ltd.

Zehntel, Inc.
Walnut Creek, California
Designs, manufactures and markets test systems for printed-circuit boards and other subassemblies.

AIDA Corporation
Santa Clara, California
Designs and markets computer-aided engineering products.

CASE Technology Inc.
Mountain View, California
Designs and markets computer-aided engineering products.

Transfer Agent(s):

Bank of Boston
Capital Markets Technologies/Shareholder Services
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: TER

Number of Employees:

1988	4,700	1985	4,300
1987	4,700	1984	5,000
1986	4,300		

Plant Footage:

1988	1,223,000 sq. ft.	1985	1,118,000
1987	1,313,000	1984	1,118,000
1986	1,118,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 462,300,000	$ (3,300,000)
1987	377,700,000	(21,100,000)
1986	351,100,000	(11,800,000)
1985	393,400,000	13,700,000
1984	452,700,000	46,500,000

	No. of Com. Shares +	Earn. per Share ‡
1988	28,800,000	$ —
1987	28,400,000	—
1986	27,700,000	—
1985	26,100,000	0.51
1984	25,500,000	1.76

(Loss)
‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 278,400,000	$ 9.68
1987	278,700,000	9.81
1986	295,500,000	10.67
1985	290,900,000	11.10
1984	269,900,000	10.54

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 462,297	$ 377,658
Cost of sales	264,376	222,215
Expenses	194,135	176,559
Restruc. costs	16,013	10,981
Interest expense	7,092	3,325
Interest income	(1,126)	(2,183)
Other income	(2,275)	—
Inc. (loss) bef. taxes	$ 95	$ (33,239)
Income taxes (credit)	3,382	(12,132)
Net Loss	$ (3,287)	$ (21,107)

* Included in Costs and Expenses, Depreciation: $29,347,000 in 1988 and $28,905,000 in 1987.
‡ Restated.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 10,920	$ 11,066
Accts. receiv., net	125,338	96,941
*Inventories	74,599	64,865
Fed. & state inc. taxes	763	657
Prepaid expenses	8,654	6,643
Current Assets	$ 220,274	$ 180,172
#Fixed assets	199,935	198,191
Defer. charges & other assets	13,720	19,548
Total Assets	$ 433,929	$ 397,911

Liabilities
(000's)

Notes payable	$ 7,149	$ 8,436
Long-term debt, curr.	826	997
Accts. payable.	12,668	11,414
Accruals	58,131	45,934
Income taxes	1,130	60
Curr. Liabilities	$ 79,904	$ 66,841
Convert. subord. deben.	14,181	14,130
Long-term note	51,829	29,228
Deferred inc. taxes	5,660	4,635
Def. gain on bldg. sale	3,929	4,369
+Common stock	3,597	3,552
Add. paid-in capital	170,377	166,847
Retained earnings	104,452	107,739
For. curr. trans.	—	570
Total Liabilities & Shareholders' Equity	$ 433,929	$ 397,911

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.125 par value.

Statistical Summary

Sales to Inventories	6.20	5.82
Debt to Equity	0.21	0.19
Working Capital	$ 140,370,000	$ 113,331,000
Current Ratio	2.76	2.70
Shareholders' Equity	$ 278,426,000	$ 278,708,000

Terminal Data Corporation

5898 Condor Drive
Moorpark, California 93021-2601
(805) 529-1500

Officers: Stanley Schoen, chairman of the board; David Krar Hutton, president & chief executive officer; James R. Schwartz, president & chief operating officer; Donald D. Meyers, v.p., chief financial officer, treasurer & secretary; William B. Green, v.p. & technical director; Samuel L. Greene, v.p.-international sales; Sharon K. Franzen, v.p.-administration & secretary; Connie Moore, v.p.-marketing; Kathryn A. Heiberg, asst. secretary & corporate counsel; Bruce Bussell, v.p.-domestic sales; Stephen Watts, v.p.-operations.

Directors: Stanley Schoen, chairman; M. H. Jacobs, Charles A. Roberts, Richard M. Drysdale, Michael Rothbart, David Krar Hutton.

Areas of Work: Designs and manufactures components for electronic document image management systems, including high resolution video terminals and automatic and manual high-speed document digitizers. Designs and manufactures microfilm systems and microfiche duplicating equipment.

Subsidiaries:

TDC Properties Corp.
Terminal Data Service Corporation

Transfer Agent(s):

U.S. Stock Transfer Corporation
1745 Gardena Avenue
Glendale, California 91204

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TERM (NASDAQ)

Number of Employees:

1988	290	1985	430
1987	325	1984	613
1986	370		

Plant Footage:

1988	103,680 sq. ft.	1985	190,000
1987	126,000	1984	190,000
1986	167,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 27,251,000	$ (1,710,000)
1987	25,292,000	174,000
1986	31,010,000	(3,824,000)
1985	34,848,000	(2,642,000)
1984	45,627,000	3,096,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	4,518,000	$ —
1987	4,486,000	0.04
1986	4,482,000	—
1985	4,474,000	—
1984	4,555,000	0.68

(Loss)
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	
1986	—	—	—
1985	—	10%	—
1984	—	25%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 13,189,000	$ 2.92
1987	14,885,000	3.32
1986	14,671,000	3.27
1985	18,495,000	4.13
1984	21,076,000	4.63

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	27,251,000	$ 25,292,000
Cost of sales	19,792,000	18,487,000
Expenses	8,461,000	7,032,000
Oper. loss	$ (1,002,000)	$ (227,000)
Property held for sale	—	671,000
Interest expense	604,000	1,243,000
Loss on sale of prop. held for sale	—	1,289,000
Other expense (income)	254,000	(3,479,000)
Income (loss) before taxes	$ (1,860,000)	$ 49,000
Tax credit	(150,000)	(125,000)
Net Income (Loss)	$ (1,710,000)	$ 174,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,119,000 in 1988 and $1,396,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 4,747,000	$ 3,798,000
Receiv., net	5,348,000	6,365,000
*Inventories	6,140,000	8,263,000
Other curr. assets	109,000	419,000
Current Assets	$ 16,344,000	$ 18,845,000
#Fixed assets	3,826,000	3,961,000
Other assets	1,630,000	1,490,000
Total Assets	$ 21,800,000	$ 24,296,000

Liabilities

Long-term debt, curr.	$ 122,000	$ 188,000
Accts. payable	917,000	1,122,000
Accruals	1,979,000	2,731,000
Curr. Liabilities	$ 3,018,000	$ 4,041,000

Long-term debt, curr.	5,250,000	5,226,000
Deferred inc. taxes	—	144,000
Other deferred	343,000	—
+ Common stock	4,542,000	4,492,000
Add. paid-in capital	14,250,000	14,176,000
Retained earn. (deficit)	(5,493,000)	(3,783,000)
Deferred compensation	(47,000)	—
Notes receiv. - emp. stock purch.	(63,000)	—
Total Liabilities & Shareholders' Equity	$ 21,800,000	$ 24,296,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	4.44	3.06
Debt to Equity	0.41	0.35
Working Capital	$ 13,326,000	$ 14,804,000
Current Ratio	5.42	4.66
Shareholders' Equity	$ 13,189,000	$ 14,885,000

Texas Instruments Incorporated

P.O. Box 655474
13500 North Central Expressway
Dallas, Texas 75265
(214) 995-2011

Officers: Jerry R. Junkins, chairman, president & chief executive officer; William I. George, exec. v.p.; William B. Mitchell, exec. v.p. & pres.-Defense Systems & Electronics Group; William P. Weber, exec. v.p. & pres.-Semiconductor Group; George H. Heilmeier, sr. v.p. & chief technical officer; Richard J. Agnich, sr. v.p.-secretary & general counsel; William A. Aylesworth, sr. v.p., treasurer & chief financial officer; Marvin M. Lane, Jr., v.p. & corporate controller; David D. Martin, v.p. & president-Materials & Control Group; James W. Martin, v.p. & pres.-Data Systems Group; Walden C. Rhines, v.p. & exec. v.p.-Semiconductor Group; Liston M. Rice, Jr., v.p.-corp. communications/marketing; William E. Wetsel, v.p.-corporate personnel; Joseph D. Zimmerman, v.p.-corporate services; Clara C. O'Donnell, asst. secretary.

Directors: Jerry R. Junkins, chairman; Mark Shepherd, Jr., John C. Toomay, Gerald W. Fronterhouse, David C. Garrett, Jr., William P. Weber, Bernard M. Fauber, David M. Roderick, James R. Adams, Robert A. Hanson.

Areas of Work: Develops, manufactures and markets semiconductors, including integrated circuits, small, medium, and large scale arrays (MOS and Bipolar); microprocessors & microcomputors, transitors, radar systems, electro-optic systems, missile guidance and control systems, classified electronics equipment; business consumer and scientific calculators; electronic learning aids, opto-electronic devices; electronic and electro-mechanical parts and assemblies, safety and control devices; clad metals; digital computers and computer systems, electronic data terminals and printers.

Subsidiaries:

Texas Instruments Asia Limited
Texas Instruments Deutschland G.m.b.H.
Texas Instrumentos Electronicos do Brasil Limitada
Texas Instruments Equipamento Electronico (Portugal) Lda.
Texas Instruments France S.A.
Texas Instruments Holland B.V.
Texas Instruments Italia S.p.A.
Texas Instruments Japan Limited
Texas Instruments Limited (U.K.)
Texas Instruments Malaysia Sdn. Bhd.
Texas Instruments Singapore (Pte) Limited
Texas Instruments Taiwan Limited
Texas Instruments Trade & Investment Company, S.A. (Panama)

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

NCNB Texas National Bank
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): New York, London, Geneva, Basel, Zurich

Ticker Symbol: TXN

Number of Employees:

1988	75,685	1985	77,872
1987	77,984	1984	86.563
1986	77,270		

Plant Footage:

1988	26,649,595 sq. ft.	1985	24,802,752
1987	25,340,348	1984	24,448,595
1986	25,360,668		

Sales & Earnings x

	Net Sales (000's)	Net Income † (000's)
1988	$ 6,294,800	$ 366,300
1987	5,594,500	321,400
1986	4,974,000	63,100
1985	4,924,500	(140,900)
1984	5,741,600	275,700

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	84,820,000	$ 4.05
1987	82,023,000	3.74
1986	75,942,000	0.69
1985	74,844,000	—
1984	72,630,000	3.80

(Loss)
x Restated to reflect adoption of SFAS No. 95, statement of cash flows.
† Including extraordinary loss of $10,800,000 ($0.14 per share) in 1986.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1988	$ 0.72	—	—
1987	0.71	—	
1986	0.67	—	—
1985	0.67	—	—
1984	0.67	—	—

Common Stock Equity x

	Total Equity (000's)	Equity Per Share ‡
1988	$ 1,722,800 †	$ 20.31
1987	1,364,400 †	16.63
1986	1,059,900 †	13.96
1985	1,033,200	13.80
1984	1,174,500	16.17

x Restated.
† After allowing for preferred stock at liquidation value.
‡ Based on the average number of shares oustanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Net sales	$ 6,294,800	$ 5,594,500
Cost of sales	4,817,600	4,382,900
Expenses	1,017,100	908,800
Retirement & Prof. sh. plan	92,100	85,400
Oper. profit	$ 368,000	$ 217,400
Interest on loans	33,400	20,700
Other income	(181,800)	(205,000)
Income before taxes	$ 516,400	$ 401,700
Income taxes	150,100	80,300
Net Income	$ 366,300	$ 321,400

‡ Restated.
* Included in Costs and Expenses, Depreciation: $389,800,000 in 1988 and $380,100,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash & short-term invest.	$ 780,400	$ 662,600
Accts. receiv., net	942,100	848,200
*Inventories	769,700	738,700
Prepaid expenses	56,400	53,400
Current Assets	$ 2,548,600	$ 2,302,900
#Fixed assets	1,726,100	1,519,700
Other assets & defer. charges	152,800	134,600
Total Assets	$ 4,427,500	$ 3,957,200

Liabilities
(000's)

Loans payable & long term debt, curr.	$ 22,900	$ 63,300
Accts. payable & accruals	1,091,000	1,063,000
Accrued retire. & prof. sh. plan	28,900	59,900
Dividends payable	17,600	16,800
Income taxes	39,000	33,000
Curr. Liabilities	$ 1,199,400	$ 1,236,000
Long-term debt	623,800	486,500
Accrued pension costs	115,200	120,700
Deferred credits & other liab.	245,500	228,800
+Preferred stock:		
Mkt. auction pref.	300,000	300,000
Conv. money market pref.	220,800	220,800
++Common stock	80,800	78,700
Add. paid.-in capital	437,100	363,600
Retained earnings	1,209,400	931,100
Treasury stock	(4,500)	(9,000)
Total Liabilities & Shareholders' Equity	$ 4,427,500	$ 4,256,300

‡ Restated.
* At lower of cost, current replacement cost, or est. realizable value.
# Less accumulated depreciation.
+ $25 par value.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.20	7.18
%Net Income to Sales	5.82	5.74
%Net Income to Equity	16.33	17.05
Sales to Inventories	8.18	7.57
Debt to Equity	0.29	0.29
Working Capital	$ 1,349,200,000	$ 1,066,900,000
Current Ratio	2.12	1.86
Shareholders' Equity	$ 2,243,600,000	$ 1,885,200,000

Texscan Corporation

10841 Pellicano
El Paso, Texas 79935
(915) 594-3555

Officers: William H. Lambert, chairman, president & chief executive officer; Rene L. Flores, v.p.-finance, chief financial officer & secretary; John R. Smith, v.p. & gen. mgr.-

European Operations; David W. Keller, v.p. & gen. mgr.-Texscan MSI; Norman R. Barnard, v.p.; Berthold L. Henscheid, v.p.; Raymond G. Pastie, v.p.; George Fletcher, v.p.-corp. marketing.

Directors: William H. Lambert, chairman; William L. Firestone, Burton G. Mendelson, Talton R. Embry, Thomas E. Ireland, Shelby W. Werner.

Areas of Work: Designs, manufactures and markets a broad line of CATV distribution and testing equipment which is sold under the Theta-Com trademark, and CATV character generation equipment which is sold under the MSI trade name. CATV distribution equipment includes trunk amplifiers, line extenders, passives, power supplies and subscriber taps. CATV character generation equipment is used primarily in weather reporting, news and other textual displays. Also designs, manufactures and markets multipoint distribution system ('MDS') down converters under the Theta-Com trademark. The principal purchasers of the Company's products are operators of CATV systems. In addition, the Company designs and manufactures RF testing equipment, including spectrum analyzers, sweep signal generators, oscilloscopes, microwave filters, and coaxial components for laboratory, communications and industrial uses under the Texscan trademark. Designs, manufactures and markets nonaddressable converters. Designs and manufactures standby power supplies for CATV systems.

Divisions and Subsidiaries:

Texscan Instruments
3169 North Shadeland Avenue
Indianapolis, Indiana 46226
(317) 545-4196

Texscan MSI Corporation
3855 South 500 West
Suite S
Salt Lake City, Utah 84115
(801) 262-8475

Texscan Communicaciones Banda Grande
S.A. de C.V.
Parque Ind. A.J. Bermudez
Apdo. Postal 1747 Suc 'D'
Cuidad, Juarez, Chihuahua, Mexico

Texcan GmbH
Peschelanger II
D-8000 Munchen 83
Munich, West Germany

Texscan Instruments Limited
One Northbridge Road
Berkhamsted, Hertfordshire, England

Texscan de Mexico
Melguiades Alanis
Fray Juan de Zumarraga
Cuidad Juarez, Chihuahua, Mexico

Societe Texscan S.A.
7, Rue Du Chemin Vert
94100 Saint Maur, France

Texscan Instruments Limited
Watermeadow, Germain Street
Chesham, Bucks HP5 1LF England, United Kingdom

Communications Products Division

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TXCN (NASDAQ)

Number of Employees:

1988	1,100	1986	900
1987	1,200	1985	3,000

Plant Footage:

1988	N.A.	1986	184,700
1987	233,200 sq. ft.	1985	305,700

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 39,801,000	$ 3,161,000
1987	35,992,000	5,440,000
1986	47,078,001	(51,850,382)
1985	75,594,423	(50,905,814)
1984	84,859,336	4,795,178

	No. of Com. Shares +	Earn. per Share +
1988	10,184,179	$ 0.31
1987	9,990,481	0.54
1986	9,990,481	—
1985	N.A.	—
1984	N.A.	0.48

(Loss)
N.A. - Not Available.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect reorganization.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 5,300,000	$ 0.52
1987	(44,369,000)	—
1986	(49,808,907)	—
1985	2,397,596	—
1984	51,747,604	—

(Deficiency)
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect reorganization.

Income Account *

Year ended April 30	1988	1987
Net sales	$ 39,801,000	$ 35,992,000
Cost of sales	22,916,000	21,926,000
Expenses	14,831,000	12,121,000
Interest expense	821,000	82,000
Interest income	(674,000)	(2,657,000)
Prov. for unusual items	(952,000)	(900,000)
For. curr. trans. gain	(363,000)	(221,000)
Income before taxes	$ 3,222,000	$ 5,641,000
Income taxes	61,000	201,000
Net Income (Loss)	$ 3,161,000	$ 5,440,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,199,000 in 1988 and $1,134,000 in 1987.

Assets

As of April 30	1988	1987
Cash	$ 3,017,000	$ 7,952,000
Receiv., net	8,668,000	6,212,000
* Inventories	10,971,000	10,030,000
Other curr. assets	599,000	522,000
Current Assets	$ 23,255,000	$ 24,716,000
# Fixed assets	7,963,000	8,148,000
Fixed assets held for dispos.	—	2,026,000
Other assets	429,000	2,121,000
Total Assets	$ 31,647,000	$ 37,011,000

Liabilities

Accts. payable	$ 2,065,000	$ 1,404,000
Warranty reserve	809,000	1,447,000
Accruals	3,952,000	4,927,000
Long-term debt, curr.	485,000	118,000
Curr. Liabilities	$ 7,311,000	$ 7,896,000
Liab. subj. to Chap. XI	—	72,787,000
Long-term debt	18,845,000	610,000
Deferred inc. taxes	191,000	87,000
+ Common stock	91,000	35,884,000
Notes receivable	—	(801,000)
Add. paid-in capital	4,888,000	1,731,000
Retained earnings (deficit)	812,000	(80,330,000)
Treasury stock	—	(853,000)
Unearned emp. compensation	(491,000)	—
Total Liabilities & Shareholders' Equity	$ 31,647,000	$ 37,011,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value in 1988; no par in 1987.

Statistical Summary

% Income bef. Taxes to Sales	8.10	15.67
% Net Income to Sales	7.94	8.00
% Net Income to Equity	59.64	—
Sales to Inventories	3.63	3.59
Debt to Equity	3.65	—
Working Capital	$ 15,944,000	$ 16,820,000
Current Ratio	3.18	3.13
Shareholders' Equity (Deficiency)	$ 5,300,000	$ (44,369,000)

Textron Inc.

40 Westminster Street
Providence, Rhode Island 02903
(401) 421-2800

Officers: B. F. Dolan, chairman, president & chief executive officer; William A. Anders, sr. exec. v.p.-operations; Donald K. Farrar, sr. exec. v.p.-operations; William J. Ledbetter, senior exec. v.p.-administration & planning; Richard A. McWhirter, sr. v.p.-insurance & environmental affairs; Charles F. Chapin, group v.p.; George H. Hartmann, group v.p.; Quentin G. Achuff, sr. v.p.-fastener operations; John J. Mahoney, group v.p.; Gary E. Atwell, group v.p.; E. Earl Fleck, group v.p.; Warren R. Lyons, group v.p.; Derek Plummer, group v.p.; Maurice G. Wilkins, Jr., exec. v.p.-corp. development; Edward O. Handy, Jr., v.p. & secretary; Thomas D. Soutter, executive v.p. & general counsel; William P. Janovitz, v.p. & controller; Raymond W. Caine, Jr., v.p.-corporate communications; Gregory E. Hudson, v.p.-taxes; John L. Morse, v.p.-risk management/insurance; Richard A. Watson, v.p. & pres.-TIMCO; Dennis G. Little, exec. v.p. & chief financial officer; William F. Wayland, exec. v.p.-human resources; Robert B. Clendenen, v.p.-internal audit & business ethics; Brian T. Downing, v.p. & treasurer; Arnold M. Friedman, v.p. & deputy general counsel; Mary L. Howell, v.p.-government affairs; Cecil W. Labhart, v.p.-info. systems services; Lorna E. Long, v.p.-human resources development & administration; Willard R. Gallagher, v.p.-int'l..

Directors: James R. Martin, Sam F. Segnar, William A. Anders, Martin D. Walker, Robert P. Straetz, Webb C. Hayes, III, Barbara Scott Preiskel, Jean Head Sisco, Howard R. Swearer, B. F. Dolan, John J. Schmidt, J. Paul Sticht, Joseph R. Carter, R. Stuart Dickson, William M. Ellinghaus, Donald K. Farrar, Amos A. Jordan, Jr..

Areas of Work: A multi-industry company with operations in three business sectors: aerospace technology, commercial products, and financial services.

Divisions and Subsidiaries:

AEROSPACE TECHNOLOGY

Textron Lycoming
550 South Main Street
Stratford, Connecticut 06497
(203) 385-2000

Manufactures gas turbine engines for the military.

Textron Aerostructures
P.O. Box 210
Nashville, Tennessee 37202
(615) 361-2000

A major subcontractor to the aerospace industry Principal products are wings and tail sections for military aircraft.

Textron Specialty Materials
Two Industrial Avenue
Lowell, Massachusetts 01851
(617) 452-8961
Develops and manufactures advanced composite materials and components, particularly for high-temperature use.

Textron Defense Systems
201 Lowell Street
Wilmington, Massachusetts 01887
(617) 657-5111
Develops and produces advanced technology weapon systems for the U.S. Department of Defense. Products include the reentry system and the Mark 21 reentry vehicle and fuze for the Peacekeeper missile.

Ex-Cell-O Corporation
2855 Coolidge Road
Troy, Michigan 48084
(313) 637-1000
Major product lines of the company fall into three industry segments: Aerospace/Defense includes precision blades and vanes, turbomachinery rotating components, fuel metering devices, turret control and stabilization systems, lightweight armored vehicles, and related products; Automotive products include interior and exterior flexible urethane parts, gaskets, small DC motors, armatures, and windshield washer systems; Industrial products include metal-cutting and metal-forming machine tools, cutting tools and abrasives, packaging and materials handling equipment, contractors' tools, power transmission equipment, and computer-aided manufacturing controls.

Bell Aerospace Textron
P.O. Box One
Buffalo, New York 14240
(716) 297-1000
Rocket engines, communications and air cushion systems, aircraft landing systems, missile and spacecraft propulsion systems, rocket propellant tanks, inertial navigation instruments, gravity sensing systems, air cushion vehicles and surface effect ships.

Bell Helicopter Textron, Inc.
P.O. Box 482
Fort Worth, Texas 76101
(817) 280-2011
Military and commercial helicopters and vertical lift aircraft, systems integration, spare parts.

HR Textron Inc.
25200 West Rye Canyon Road
Valencia, California 91355
(805) 259-4030
System studies and analyses, flight control actuators, servovalve controls, cryogenic coolers, filters, automatic test equipment and product support.

Aircraft Engine Components
P.O. Box 11906
Netington, Connecticut 06111
(203) 666-4601
Manufactures to customer design, gas turbine engine components such as discs, hubs, cases, frames and precision gears for engine producers and the spare market.

Airfoil Textron
P.O. Box 4427
Lima, Ohio 45802
(419) 226-2900
Produces titanium and superalloy compressor components, both forgings and finished parts, for the domestic and international gas turbine industry.

Fuel Systems Textron
700 North Centennial
Zeeland, Michigan 49464
(616) 772-9171
Major products are fuel nozzles, manifolds and augmentors for military and commercial customers.

Cadillac Gage Textron
P.O. Box 1027
Warren, Michigan 48090
(313) 777-7100
Produces lightweight armored combat vehicles, turrets and weapon/turret control and stabilization systems.

Textron Marine Systems
6800 Plaza Drive
New Orleans, Louisiana 70127
(504) 245-6600
Produces air cushion vehicles and surface effect ships, principally for the U.S. Department of Defense.

COMMERCIAL PRODUCTS

North American Machine Tool
P.O. Box 700
Walled Lake, Michigan 48088
(313) 624-7800
Designs and manufacture of proprietary production machine tools, components and systems for the automotive, applicance, aerospace, bearing off-highway and plastic components industries.

Davidson Exterior Trim Textron
Route 6, Box 10
Americus, Georgia 31709
(919) 924-6111
Manufactures and supplies exterior trim parts, principally fascia and body moldings, to manufacturers of cars and light trucks.

Davidson Instrument Panel Textron
875 Greenland Road
Building C
Portsmouth, New Hampshire 03801
(603) 433-4142
Develops, manufactures and markets high technology plastic instrument panels to car and light truck producers.

Davidson Interior Trim Textron
Industrial Park
Dover, New Hampshire 03820
(603) 742-0720
Designs, engineers, manufactures and markets polymer-based trim components for automobiles and light trucks.

McCord Winn Textron
620 Washington Street
Winchester, Massachusetts 01890
(617) 729-4400
Manufactures electro-mechanical components for automobile and light truck producers.

Contractor Tool and Equipment Textron
4455 Boeing Drive
Rockford, Illinois 61109
(815) 399-2078
Has two operations: Greenlee Tool Company, which produces conduit benders, cable pullers and punch and die metal hole-making systems for electricians; and Forest City Tool Company, which manufactures woodworking tools including wood augers, router bits and indexible tooling for the furniture and wood-working markets.

CWC Castings
Henry Street
Muskegon, Michigan 49441
(616) 733-1331
Iron castings for engine blocks, camshafts, cylinder heads, gears, manifolds, housings, transmission cases and other ferrous casting applications.

Randall
P.O. Box 46334
Cincinnati, Ohio 45246
(513) 896-9400
Manufactures metal and plastic parts and trim used in the automotive and appliance industries.

Speidel
70 Ship Street
Providence, Rhode Island 02903
(401) 421-8600
Watchbands, identification bracelets, analog quartz watches, jewelry, men's toiletries, and women's fragrances.

Camcar
600 18th Avenue
Rockford, Illinois 61108
(815) 226-3600
Cold-formed metal parts, proprietary and special fasteners for aerospace, automotive, railroad, and appliance industries.

Cherry
1224 East Warner Avenue
P.O. Box 2157
Santa Ana, California 92707
(714) 545-5511
Proprietary fastening systems for aerospace and commercial applications, locknut products and installation tools.

Townsend
5250-77 Center Drive
Suite 300
Charlotte, North Carolina 28217
(704) 525-8003
Special fasteners and cold-formed metal parts for aerospace, automotive, railroad, metal working, industrial construction industries and fastening systems.

Homelite
14401 Carowinds Boulevard
P.O. Box 7047
Charlotte, North Carolina 28241
(704) 588-3200
Chain saws, string trimmers, generators blowers, heaters, and pumps.

Jacobsen
1721 Packard Avenue
Racine, Wisconsin 53403
(414) 637-6711
Lawn mowers, snow throwers, lawn and garden tractors; commercial turf maintenance equipment.

E-Z-Go
P.O. Box 388
Augusta, Georgia 30913
(404) 798-4311
Produces gas and electric golf cars and utility vehicles.

FINANCIAL SERVICES

Textron Financial Corporation
P.O. Box 6687
Providence, Rhode Island 02940
(401) 272-8000
Financing and leasing programs to Textron Divisions to facilitate sale of their products.

Avco Financial Services
P.O. Box 19701
Irvine, California 92713
(714) 533-1200
Consumer finance.

Avco Insurance Services/Balboa Life and Casualty
P.O. Box 19702
Irvine, California 92713
(714) 533-0700
Collateral protection, credit life, disability and property casualty insurance.

Paul Revere Insurance Group
18 Chestnut Street
Worcester, Massachusetts 01608
(617) 799-4441
Principal product is individual noncancellable disability income insurance.

Acquisition:

Avdel plc
England
Manufactures fasteners.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: TXT

Number of Employees:

1988 60,000
1987 61,000
1986 72,000
1985 56,000
1984 43,000

Plant Footage:

1988 ..... 25,000,000 sq. ft.
1987 20,500,000

Sales & Earnings

	Net Sales + (000's)	Net Income † (000's)
1988	$ 5,342,700	$ 234,400
1987	5,388,400	256,300
1986	4,688,100	239,200
1985	3,732,900	251,800
1984	1,997,000	113,500

	No. of Com. Shares #	Earn. per Share †#
1988	87,910,000	$ 2.67
1987	87,733,000	2.92
1986	82,564,000	2.90
1985	74,636,000	3.37
1984	72,938,000	1.56

+ Of continuing operations only.
† Including extraordinary gain of $16,400,000 ($0.22 per share) in 1985 and extraordinary losses of $37,700,000 ($0.43 per share) in 1988, $32,600,000 ($0.37 per share) in 1987, $6,700,000 ($0.08 per share) in 1986.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Aerospace technology:		
Helicopters	$ 1,271,900	$ 1,176,900
Propulsion	1,308,400	1,398,500
Systems	1,028,000	1,300,600
Commercial products	1,734,400	1,512,400
Total	$ 5,342,700	$ 5,388,400

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 1.000	—	—
1987	0.975	—	
1986	0.900	—	—
1985	0.900	—	—
1984	0.900	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1988	$ 2,345,950,000	$ 27.60
1987	2,262,235,000	5.39
1986	1,781,455,000	22.38
1985	1,555,095,000	19.94
1984	1,156,905,000	17.23

‡ After allowing for preferred stock at redemption values.
† Adjusted to reflect stock split.

Income Account
(000's)

Year ended	12/31/88	1/2/88
Net sales	$ 5,342,700	$ 5,388,400
Interest & other charges	891,700	829,300
Insurance premiums	750,800	655,200
Interest income	300,300	291,300
Total income	$ 7,285,500	$ 7,164,200
Cost of sales	4,278,700	4,387,700
Expenses	1,190,400	1,037,900
Interest expense	601,900	580,200
Prov. for losses on finance receiv.	85,000	87,700
Insurance benefits	589,300	528,200
Amort. of insur. policy acq. costs	106,900	89,900
Income before taxes	$ 433,300	$ 452,600
Income taxes	161,200	191,500
Inc. - cont. oper.	$ 272,100	$ 261,100
Inc. - discont. oper.	—	27,800
Net Income	$ 272,100	$ 288,900
Extraord. loss	(37,700)	(32,600)
Net Income & extraord. loss	$ 234,400	$ 256,300

* Included in Costs and Expenses, Depreciation and Amortization: $204,700,000 in 1988 and $202,900,000 in 1987.

Assets
(000's)

As of	12/31/88	1/2/88
Cash	$ 16,000	$ 42,500
Investments	2,879,400	2,568,000
Accts. receiv., net	5,428,200	4,771,600
*Inventories	1,231,700	1,210,400
#Fixed assets	960,300	888,400
Unamort. insur. policy acq. costs	443,100	378,700
Goodwill	1,116,400	1,150,200
Other assets	479,000	447,700
Total Assets	$ 12,554,100	$ 11,457,500

Liabilities
(000's)

Accts. payable	$ 516,600	$ 456,700
Income taxes	313,800	291,400
Accruals	1,126,600	1,236,700
Insur. reserves & claims	2,344,400	2,104,500
Long-term debt	5,867,800	5,061,000
+Preferred stock:		
$2.08 Cum. conv.	15,300	17,600
$1.40 Convertible	8,400	8,700
++Common stock	11,300	11,200
Add. paid-in capital	626,300	624,000
Retained earnings	1,819,400	1,672,100
Other	40,300	5,100
Treasury stock	(136,100)	(31,500)
Total Liabilities & Shareholders' Equity	$ 12,554,100	$ 11,457,500

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $0.125 par value.

Statistical Summary

% Income bef. Taxes to Sales	8.11	—
% Net Income to Sales	5.09	—
% Net Income to Equity	11.41	12.52
Sales to Inventories	4.34	4.45
Debt to Equity	2.46	2.19
Shareholders' Equity	$ 2,384,900,000	$ 2,307,200,000

Thermo Electron Corporation

101 First Avenue
P.O. Box 9046
Waltham, Massachusetts 02254-9046
(617) 890-8700

Officers: George N. Hatsopoulos, chairman of the board, president & chief executive officer; John N. Hatsopoulos, exec. v.p. and chief financial officer; Robert C. Howard, exec. v.p.; Peter G. Pantazelos, exec. v.p.; Walter J. Bornhorst, sr. v.p.; Arvin H. Smith, sr. v.p.; Paul F. Ferrari, v.p. & secretary; Jerry P. Davis, vice president; Firooz Rufeh, vice president; John P. Appleton, vice president; Marshall J. Armstrong, vice president; William A. Rainville, vice president; Paul F. Kelleher, v.p.-finance; William O. Flannery, v.p.-administration & general counsel; Theo Melas-Kyriazi, treasurer.

Directors: George N. Hatsopoulos, chairman; Robert A. McCabe, Donald E. Noble, Peter O. Crisp, Frank Jungers, Roger D. Wellington, Elias P. Gyftopoulos, John M. Albertine, Hutham S. Olayan, Frank E. Morris.

Areas of Work: The Company's principal businesses are: providing custom-engineered cogeneration power plants, resource recovery systems, and packaged cogeneration systems; environmental-monitoring, nuclear radiation-monitoring, and analytical instruments; thermal processing furnaces, web material process systems, and electroplating equipment; biomedical materials and products and explosives- and drug-detectors; metallurgical heat-treating and special metal fabrication services, analytical laboratory services for hazardous chemicals and nuclear health phylsics services, and environmental sciences, civil engineering, and water management services; and research and development services.

Divisions and Subsidiaries:

Thermo Environmental Corporation (85%-owned)
Nuclear health physics, hazardous waste management, water management and civil engineering, environmental consulting and monitoring, and industrial hygiene.

Tecogen Inc. (78%-owned)
Packaged cogeneration equipment, gas-fired commercial cooling systems, and cogeneration operating and maintenance services.

Thermo Instrument Systems Inc. (86%-owned)
Environmental/pollution instruments, specialty process controls, nuclear radiation monitors, and analytical instruments.

Thermo Process Systems Inc. (89%-owned)
Metallurgical heat-treating systems, hazardous waste incinerators, and aerospace/defense heat-treating services.

Thermedics Inc. (65%-owned)
Biocompatible polymers, wound dressing products, percutaneous access devices, enteral feeding products, instruments and detectors.

Thermo Cardiosystems Inc.
(59%-owned by Thermedics Inc.)
Manufactures implantable heart-assist devices.

Instruments Division

Environmental Instruments
108 South Street
Hopkinton, Massachusetts 01748

Analytical Instruments
101 First Avenue
P.O. Box 2108
Santa Fe, New Mexico 87501

Eberline
Airport Road
P.O.Box 2108
Santa Fe, New Mexico 87501

Air Monitoring
2015 Bellaire Avenue
Royal Oak, Michigan 48067

Environmental Analysis Laboratory
2030 Wight Avenue
Richmond, California 94804

Thermo Electron Limited
Woolborough Lane
Crawley, West Sussex RH10 2AQ England

Thermo Electron Nippon Co., Ltd.
3-5-11 Minami-Nakaburi
Hiakaba, Osaka, Japan

Van Hengel Instruments B.V.
Heerbaan 220
Breda, The Netherlands

Van Hengel Instruments GmbH
Baiertalerstrasse 24-26
6908 Wiesloch, West Germany

Energy Systems Division
Research, development and manufacturing programs related to the conversion of energy and the generation of power.

Energy Systems
101 First Avenue
P.O. Box 459
Waltham, Massachusetts 02254

Crusader Engines
7100 East 15 Mile Road
Sterling Heights, Michigan 48077

Metallurgical Equipment Division
Designs, develops, manufactures and markets controlled atmosphere furnaces and associated equipment for industrial heat-treating processes.

Loftus
5 Gateway Center
Pittsburgh, Pennsylvania 15222

Holcroft
12068 Market Street
Livonia, Michigan 48150
(313) 261-8410

Holcroft & Company (Canada) Ltd.
94 Bessemer Court
London, Ontario N6E 1K7 Canada

NAPCO, Inc.
NAPCO Drive
P.O. Box 26
Terryville, Connecticut 06786

Metallurgical Services Division
Develops and manufactures medical prosthetic devices and fabricate high performance metal alloy components.

SCAT DIVISION
2829 East Washington Boulevard
Los Angeles, California 90023

Metal Treating Division
1575 West Pierce Street
Milwaukee, Wisconsin 52304

Cal-Doran Division
2830 East Washington Boulevard
Los Angeles, California 90023

TEMS Division
411 Jackson Hill Street
Houston, Texas 77007

Perfection Heat Treating Division
24200 Plymouth Road
Detroit, Michigan 48239

Metallurgical, Inc.
900 East Hennepin Avenue
Minneapolis, Minnesota 55414

Metals Division
115 Eames Street
Wilmington, Massachusetts 01887

R & D New Business Division
45 First Avenue
P.O. Box 02264
Waltham, Massachusetts 02254

National Nuclear Corporation
Manufacturer of highly sensitive devices for monitoring the presence of low-level radioactive materials.

Transfer Agent(s):

The First National Bank of Boston
Capital Markets Technologies/Shareholder Services
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: TMO

Sales & Earnings

	Net Sales ‡	Net Income
12/31/88	$ 500,604,000	$ 20,148,000
1/2/88	383,383,000	18,110,000
1/3/87	331,600,000	14,320,000
12/28/85	265,668,000	9,614,000
12/29/84	234,924,000	6,073,000

	No. of Com. Shares +	Earn. per Share +
12/31/88	20,148,000	$ 1.15
1/2/88	18,049,000	1.00
1/3/87	17,266,000	0.83
12/28/85	14,259,000	0.67
12/29/84	13,575,000	0.45

‡ Includes other income.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	12/31/88	1/2/88
Cogeneration systems	$ 167,867	$ 129,831
Instruments	101,833	85,161
Process equipment	101,615	75,851
Biomedical prods.	25,360	20,103
Services	91,997	67,651
Thermo technologies	14,153	5,680
Interseg. eliminations	(2,221)	(894)
Total	$ 500,604	$ 383,383

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
12/31/88	—	—	—
1/2/88	—	—	
1/3/87	—	—	3-for-2
12/28/85	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 181,509,000	$ 9.01
1/2/88	161,808,000	8.96
1/3/87	145,767,000	8.44
12/28/85	101,638,000	7.13
12/29/84	84,219,000	6.20

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	12/31/88	1/2/88
Net sales & revenues	$ 378,490	$ 295,473
Service revenues	91,997	67,651
Rev. from res. & develop. cont.	30,117	20,259
Total income	$ 500,604	$ 383,383
Cost of sales	336,754	256,813
Expenses	143,711	113,609
Restruc. costs	930	3,449
Royalty income	(1,029)	(1,189)
Interest income	(9,243)	(6,572)
Interest expense	10,227	7,657
Gain on issu. of subsid. stock	(6,026)	(16,159)
Other expense (income)	(4,195)	1,222
Income before taxes	$ 29,475	$ 24,553
Income taxes	7,325	4,610
Minority interest	2,002	1,833
Net Income	$ 20,148	$ 18,110

* Included in Costs and Expenses, Depreciation and Amortization: $11,115,000 in 1988 and $9,639,000 in 1987.

Assets
(000's)

As of	12/31/88	1/2/88
Cash & short-term invest.	$ 136,389	$ 144,118
Accts. receiv., net	96,010	71,284
Unbilled contract costs & fees	33,016	26,383
*Inventories	61,432	48,238
Prepaid expenses	4,390	6,139
Current Assets	$ 331,237	$ 296,162
#Fixed assets	64,436	53,593
Other assets	34,277	31,671
Intangibles	60,159	44,722
Total Assets	$ 490,109	$ 426,148

Liabilities
(000's)

	12/31/88	1/2/88
Notes payable	$ 10,238	$ 8,068
Long-term debt, curr.	1,037	1,054
Accts. payable	60,082	34,626
Billings in exc. of contract costs	12,832	10,717
Accrued payroll	16,150	13,342
Other accruals	21,831	18,731
Accruals & misc. taxes	970	8,572
Curr. Liabilities	$ 123,140	$ 95,110
Long-term debt.	148,485	131,927
Deferred inc. taxes	4,827	748
Other deferred items	9,766	10,908
Minority interest	22,382	25,647
+Common stock	17,801	17,769
Add. paid-in capital	67,133	67,351
Retained earnings	106,940	88,061
Treasury stock	(4,890)	(7,730)
Cum. trans. adjust.	1,328	748
Deferred comp.	(6,803)	(4,391)
Total Liabilities & Shareholders' Equity	$ 490,109	$ 426,148

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes Revenues	5.89	6.40
%Net Income to Revenues	4.02	4.72
%Net Income to Equity	11.10	11.19
Debt to Equity	0.88	0.87
Working Capital	$ 208,097,000	$ 201,052,000
Current Ratio	2.69	3.11
Shareholders' Equity	$ 181,509,000	$ 161,808,000

Thomas & Betts Corporation

1001 Frontier Road
Bridgewater, New Jersey 08807
(201) 685-1600

Officers: J. David Parkinson, chairman of the board; T. Kevin Dunnigan, president & chief executive officer; Robert V. Berry, sr. v.p.; James D. Hay, v.p. & general counsel; Ronald P. Babcock, v.p.-finance; John F. Walsh, v.p.-human resources; David M. Hunihan, v.p.-administration; James D. Oberlender, v.p.-marketing; J. W. Kearny Hibbard, treasurer; Janice H. Way, secretary.

Directors: J. David Parkinson, chairman; Ian M. Ross, William R. Hartman, Raymond B. Carey, Jr., Peter Cartmell, J. Wendell Crain, Hobart Betts, T. Kevin Dunnigan, Norma Maine Loeser, William H. Waltrip, William C. Hittinger, Robert H. McCaffrey.

Areas of Work: Engaged in the manufacture and marketing of connectors and accessory products for the electrical-electronic industry. Products include fittings and accessories for electrical raceways; crimp and mechanical connectors for small wires and power cables; wire fastening devices and markers; insulation products; fiber optic connectors;

networking interconnection sytems for voice and data communications; ceramic chip capacitors, flat cables, connectors, and accessories for electronic applications.

Divisions and Subsidiaries:

T&B Construction & Industrial Marketing
1001 Frontier Road
Bridgewater, New Jersey 08807
(201) 685-1600

Thomas & Betts France, S.A.
57, Place de la Seine
Silic 120
94513 Rungis Cedex, France

Thomas & Betts GmbH
6072 Dreieich
Siemenstrasse 11, West Germany

Thomas & Betts S.p.A.
Via Archimede 19
Angolo P. de Labriola
20092 Cinisello Balsamo (Mi), Italy

Thomas & Betts International, Inc.
Sedgwick Road
Luton LU4 9DT
Bedfordshire, England

Thomas & Betts Limited
Thomas & Betts Manufacturing, Ltd.
P.O. Box 30
700 Thomas Boulevard
Iberville, Quebec J2X 2M9, Canada

Thomas & Betts Pty. Limited
11 Inman Road, Dee Why West
N.S.W. P.O. Box 91
Brookvale 2100 N.S.W., Australia

T&B/Ansley Corporation
35 Elizabeth Avenue
Somerset, New Jersey

T&B Japan Ltd.
No. 32 Kowa Bldg.
2-32 Minami Azabu
Minato-Ku, Tokyo 106, Japan

Doylestown Manufacturing Corporation
Old Easton Road
Doylestown, Pennsylvania

Thomas & Betts Aktiebolag
Kanalvagen 1
S19461 Upplands Vasby, Sweden

Thomas & Betts de Mexico, S.A. de CV
Alberto J. Pani 165, Cto. Economistas
Cd. Satellite
Edo de Mexico, Mexico

Thomas & Betts Limited
Thomas & Betts Manufacturing Limited
England

Thomas & Betts (S.E. Asia) Pte. Ltd.
Unit 105, First Floor
Cideco Industrial Complex, 50 Genting Lane 1334
Singapore

Thomas & Betts Spain
Pallars, 65-71
Barcelona 18, Spain

Ouest Electronic Connecteurs
1 Place Honore de Balzac
Tour du Moulin Sarrazin 1
B.P. 38
95102 Argenteuil, Cedex, France

Excel Products Company
New Brunswick, New Jersey
Manufactures logic packaging panels, DIP Sockets, and back plane wiring components and systems.

Quelcor, Inc.
P.O. Box 33
Media, Pennsylvania 19063
Flame retardant products.

Vitramon, Incorporated
Route 25
Monroe, Connecticut 06468
(203) 268-6261
Manufactures monolithic ceramic capacitors for the electronics industry.

Nevada Western Supply Inc.
Commercial voice and data wiring systems.

Acquisition:

EuraContact
West Germany
Manufactures two-piece connectors used in a wide range of electronic devices.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
P.O. Box 3905
New York, New York 10008-3905

Stock Exchange(s): New York

Ticker Symbol: TNB

Number of Employees:

1988	4,700	1985	3,200
1987	4,200	1984	3,200
1986	3,200		

Plant Footage:

1988 ...... 1,763,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 514,634,000	$ 58,650,000
1987	436,463,000	48,500,000
1986	385,801,000	40,215,000
1985	347,912,000	34,262,000
1984	352,232,000	39,711,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	16,953,000	$ 3.46
1987	16,865,000	2.88
1986	16,747,000	2.40
1985	16,689,000	2.05
1984	16,712,000	2.38

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 1.80	—	—
1987	1.64	—	—
1986	1.48	—	—
1985	1.33	—	—
1984	1.21	—	2-for-1

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 314,819,000	$ 18.57
1987	288,577,000	17.07
1986	257,627,000	15.34
1985	234,969,000	14.08
1984	220,483,000	13.21

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 514,634	$ 436,463
Cost of sales	274,574	221,328
Expenses	146,840	140,250
Prov. for restruc.	—	4,995
Patent infringe. recov.	—	(5,389)
Other expense (income)	5,848	(149)
Income before taxes	$ 87,372	$ 75,428
Income taxes	28,722	26,928
Net Income	$ 58,650	$ 48,500

* Included in Costs and Expenses, Depreciation and Amortization: $26,783,000 in 1988 and $21,844,000 in 1987.
‡ Restated.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & invest.	$ 49,542	$ 52,189
Accts. receiv., net	78,251	69,645
*Inventories	119,880	103,854
Deferred in. taxes	8,977	8,162
Prepaid expenses	7,265	4,086
Current Assets	$ 263,915	$ 237,936
#Fixed assets	165,630	141,936
Investments	34,441	26,030
Intangibles	22,265	2,096
Other assets	6,691	2,089
Total Assets	$ 492,942	$ 410,087

Liabilities
(000's)

	1988	1987
Notes payable	$ 49,039	$ 23,344
Long-term debt, curr.	1,203	1,436
Accts. payable	27,902	21,093
Accruals	24,501	21,733
Dividends payable	7,806	7,100
Income taxes	13,884	13,876
Curr. Liabilities	$ 124,335	$ 88,582
Long-term debt	40,590	19,441
Deferred inc. taxes	10,162	10,937
Other liabilities	3,036	2,550
+Common stock	8,536	8,530
Add. paid-in capital	27,335	27,293
Retained earnings	281,357	253,243
For. curr. translation adjustment	2,555	4,475
Treasury stock	(4,964)	(4,964)
Total Liabilities & Shareholders' Equity	$ 492,942	$ 410,087

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	16.98	17.28
%Net Income to Sales	11.40	11.11
%Net Income to Equity	18.63	16.81
Sales to Inventories	4.29	4.20
Debt to Equity	0.29	0.15
Working Capital	$ 139,580,000	$ 149,354,000
Current Ratio	2.12	2.69
Shareholders' Equity	$ 314,819,000	$ 288,577,000

Thomas French & Sons PLC

Sharston Road
Wythenshawe
Manchester M22 4TH, England
061-998 1811

Officers: T. J. French, chairman; H. R. J. Griffith, managing director; R. W. Binnion, managing director-Tekdata; P. J. Collins, managing director-Rufflette/InHome; J. Slater, finance & secretary; G. N. Elliott, (non-executive); P. R. Fyson, (non-executive).

Areas of Work: The principal activities of the Company are the manufacture and sale of curtain styling products, together with products for the home improvement market; and the distribution of computer peripherals and components, the manufacture and sale of inter-connection systems for the electronics industry, and of specialized electrical heating equipment and cables.

Subsidiaries (U.K.):

Rufflette Limited
Wythenshawe, Manchester

Rufflette (Export) Limited
Wythenshawe, Manchester

InHome Limited
Wythenshawe, Manchester

Curtain Styling Limited
Bury, Lancs

Thomas French and Sons (Electrical) Limited
Wythenshawe, Manchester

Tekdata Limited
Tunstall, Stoke-on-Trent

Subsidiaries (outside U.K.):

Rufflette France S.A.R.L.
Verrieres Le Buisson
Paris, France

Rufflette Belgium S.A.
Brussels, Belgium

Thomas French and Sons (Australia) Pty. Limited
Sydney, Australia

Thomas French and Sons (N.Z.) Limited
Auckland, New Zealand

Associated Companies:

Mandor Engineering Limited
(25% interest)
Ashton-under-Lyne, Lancs., England
Manufactures and distributes rubber doors and key cutting machines.

Thomas French (Nigeria) Limited
(40% interest)
Lagos, Nigeria
Manufactures and distributes curtain styling and narrow fabric products.

Registrars:

Hill Samuel Registrars Ltd.

Stock Exchange(s): London

Sales & Earnings

	Net Sales	Net Income †	No. of Com. Shares ‡	Earn. per Share † ‡
1987 *	£ 27,246,000	£ 408,000	11,625,259	5.60p
1986	26,225,000	373,000	11,294,000	2.98
1985	26,832,000	178,000	N.A.	1.05
1984	25,353,000	993,000	N.A.	4.40
1983	23,113,000	1,309,000	N.A.	10.70

N.A. - Not Available.
* 53 weeks
£ -pound sterling
p - pence
† Before minority interest and extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	2.9p	—	—
1986	2.9	—	
1985	2.9	—	—
1984	2.9	—	2-for-1
1983	2.5	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	£ 5,502,000	47p
1986	5,201,000	45
1985	6,564,000	58
1984	8,157,000	73
1983	7,208,000	64

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	10/3/87 (53 weeks)	9/27/86
Net sales	£ 27,246,000	£ 26,225,000
Cost of sales	17,461,000	16,558,000
Distribution costs	4,109,000	4,184,000
Adm. expenses	4,142,000	3,926,000
Oper. income	(36,000)	(67,000)
Interest expense	425,000	501,000
Interest income	(18,000)	(114,000)
Share of profits of assoc.	(11,000)	(1,000)
Exceptional item	374,000	—
Income before taxes	£ 800,000	£ 1,238,000
Income taxes	392,000	865,000
Minority interests	—	37,000
Net Income	£ 408,000	£ 336,000
Extraord. items	125,000	(931,000)
Net Income & extraord. items	£ 533,000	£ (595,000)

* Included in Costs and Expenses, Depreciation and Amortization: £ 589,000 in 1987 and £ 600,000 in 1986.

Assets

As of	10/3/87	9/27/86
Cash	£ 74,000	£ 79,000
Accts. receiv., net	6,099,000	6,098,000
* Inventories	4,131,000	4,290,000
Prepaid expenses	198,000	168,000
Current Assets	£ 10,502,000	£ 10,635,000
Investments	605,000	120,000
# Fixed assets	2,952,000	2,792,000
Total Assets	£ 14,059,000	£ 13,547,000

Liabilities

Long-term debt, curr.	£ 2,027,000	£ 1,235,000
Other loans	156,000	155,000
Accts. payable	2,576,000	3,035,000
Other payables	159,000	107,000
Income taxes	829,000	781,000
Other taxes	478,000	367,000
Accruals	983,000	796,000
Proposed dividend	201,000	200,000
Curr. Liabilities	£ 7,409,000	£ 6,676,000
Long-term debt	800,000	1,000,000
Other loans	156,000	309,000
Income taxes	154,000	172,000
Deferred inc. taxes	38,000	189,000
+ Common stock	1,163,000	1,162,000
Profit and loss acct.	4,261,000	3,961,000
Other reserve	78,000	78,000
Total Liabilities & Shareholders' Equity	£ 14,059,000	£ 13,547,000

* At lower of cost or net realizable value.
# Less accumulated depreciation.
+ 10p par value.

Statistical Summary

%Income bef. Taxes to Sales	2.94	4.72
%Net Income to Sales	1.50	1.28
%Net Income to Equity	7.42	6.46
Sales to Inventories	6.60	6.11
Debt to Equity	0.57	0.52
Working Capital	£ 3,093,000	£ 3,959,000
Current Ratio	1.42	1.59
Shareholders' Equity	£ 5,502,000	£ 5,201,000

Thomson-CSF

173, boulevard Haussmann
75379 Paris Cedex 08, France
(1) 45 61 9600

Officers: Alain Gomez, chairman of the board & chief executive officer; Jean-Francois Briand, executive v.p.; Henri Starck, executive v.p.; Rene Anastaze, executive v.p.-international operations; Pierre Gosselin, v.p.-manufacturing; Michel H. Carpentier, v.p.-research & development; Jean-Louis Vitalis, v.p.-public contracts administration; Jacques Buzenet, v.p.-government relations; Jean-Robert Martin, sr. v.p.-Aerospace Group; Noel Clavelloux, sr. v.p.-Systems and Weapon Systems Group; Bernard Cambier, sr. v.p.-Detection, Control and Communication Systems Group; Roger Agniel, sr. v.p.-Specific Components Group; Jean-Francois Henin, sr. v.p.-Services Group.

Directors: Alain Gomez, chairman; Norbert Ansquer, Alain de Bouard, Alain Bougault, Gerald Cauvin, Claude Frejacques, Francois Gibault, Philippe Giscard d'Estaing, Jean-Claude Hirel, Michel Jaugey, Daniel Lebegue, Francois Monty, Jean-Benoit Rame, Joel Tasse, Alain de Wulf.

Areas of Work: Manufactures electronics and defense systems, electronic components, and television and professional video hardware.

In the area of electronics and defense systems, the Company manufactures airborne fire control and surveillance radar, airborne active and passive counter-measures systems, missile electronics, control and combat simulators for aircraft and AFV synthetic imaging and display systems, simulators for thermal and nuclear power stations, surface-to-air weapon systems and command/control centers, air navigation and landing aid equipment, radio transmission equipment, artillery and ground surveillance radar equipment, sonar and undersea weapon fire control equipment, high power grid tubes and RF devices, tubes for image detection, intensification and display, and solid state optoelectronic devices.

In the area of electronic components, the Company manufactures semiconductor devices and passive components, including capacitors and ferrites, oscillators and piezoelectric filters.

Other industrial areas include the manufacture of professional TV equipment, electronic microprobes, ionic microanalysers, and electron scanner microscopes, and the providing of computer-aided facilities management services.

Subsidiaries:

Electronic and Defense Systems:

Burtek Inc. (U.S.A.)
Cimsa
Cimsa Sintra (99% owned)
LMT Radio Professionelle
SCM A. Pons
S.I. du Chateau Rouge (65% owned)
S.I. de la Vache Noire (65% owned)
Societe M5
Societe Vendomoise d'Avionique
Syseca Temps Reel
Syseca Logiciel
Thomson-CSF Cooperation
Thomson-CSF Elektronik GmbH (West Germany) (99% owned)
Thomson Electron Tubes and Devices Corp. (U.S.A.)
Thomson-CSF Ventures (ex Th-CSF LTI)
Thomson Sintra Activites Sous-Marines

Electronic Components:

CEPE (93% owned)
Componentes Electronicos S.A. (CSA) (Spain) (91% owned)
Efcis
Eurotechnique
LCC
SFRM (Morocco) (42% interest)
Ste de Composants d'Aix-les-Bains (SCA)
Thomson Bauelemente GmbH (West Germany) (99% owned)
Thomson Componenti (Italy)
Thomson-CSF Components and Materials (GB) (99% owned)
Thomson-CSF Components Corp. (U.S.A.)
Thomson Components-Mostek Corp (U.S.A.)
Thomson Componentes do Brasil (Brasil) (96%-owned)
Thomson Composants Militaires Et Spatiaux
Thomson-CSF Far-East (Hong Kong)
Thomson-CSF Semiconductor Pte Ltd (Singapore)
Thomson-CSF S.E. Asia Pte Ltd (Singapore)
Thomas Hybrides Et Microondes
SGS-THOMSON Microelectronics (50%-owned)
Thomson Consumer Electronics, Inc.

Other Industrial:

Cameca
Cameca Inc (U.S.A.)
Comark (U.S.A.)
Thomson Informatique Services
Thomson-LGT
Thomson-CSF Broadcast (U.S.A.)
Thomson Video Equipment

Stock Exchange(s): Paris

Number of Employees:

1987 . . . . 46,700 1986 62,700

Sales & Earnings x

	Net Sales † (000's)	Net Income (000's)
1987	FF 27,248,000	FF 949,000
1986	21,748,000	1,968,000
1985	18,533,000	999,000
1984	21,016,000	138,000
1983	18,895,000	(892,000)

	No. of Com. Shares #	Earn. per Share #
1987	110,937,715	FF 8.55
1986	94,316,475	20.87
1985	68,315,450	14.62
1984	65,010,000	2.13
1983	47,246,000	—

(Loss)
FF - French francs.
x Parent company.
† Excluding value added tax.
# Adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	FF 6.00	—	5-for-1
1986	4.20	—	
1985	2.10	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share #
1987	FF 12,571,000	FF 113.32
1986	7,858,000	83.32
1985	1,917,000	28.06
1984	714,000	10.98

# Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	FF 27,248,000	FF 21,748,000
Cost of sales	20,585,000	16,304,000
Expenses:		
Res. & develop.	2,495,000	2,430,000
Mkt. & selling	1,793,000	1,402,000
Gen. & adm.	936,000	1,021,000
Other expense	100,000	152,000
Interest expense	544,000	1,013,000
Interest income	(438,000)	(1,252,000)
Dividends received	(161,000)	(2,000,000)
Other expense	349,000	46,000
Income before taxes	FF 1,045,000	FF 2,632,000
Other deductions (income)	(138,000)	132,000
Compulsory profit-sharing	60,000	—
Income taxes	174,000	532,000
Net Income	FF 949,000	FF 1,968,000

* Included in Costs and Expenses, Depreciation: FF1,045,000,000 in 1987 and FF869,000,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & market secur.	FF 1,146,000	FF 203,000
Accts. receiv., net	8,404,000	6,292,000
Group accounts	5,916,000	8,038,000
*Inventories	13,677,000	16,319,000
Advances paid to suppliers	3,052,000	3,570,000
Prepaid expenses	1,356,000	3,550,000
Current Assets	FF 33,551,000	FF 37,972,000
Investments & other assets	14,170,000	7,359,000
#Fixed assets	2,933,000	2,500,000
Intangibles	41,000	43,000
Total Assets	FF 50,695,000	FF 47,874,000

Liabilities
(000's)

Accounts & notes payable	FF 2,859,000	FF 3,027,000
Accrued contract costs	5,398,000	4,008,000
Advances rec. from cust.	21,810,000	24,032,000
Other credit. & accrued liab.	3,972,000	3,986,000
Curr. Liabilities	FF 34,039,000	FF 35,053,000
Long-term debt	2,787,000	3,501,000
Reserve for retirement indem.	271,000	282,000
Bonds repayable in shares	1,027,000	1,180,000
+Common stock	2,219,000	1,320,000
Add. paid-in capital	7,124,000	3,935,000
Retained earnings	2,935,000	2,319,000
Revaluation reserve	68,000	83,000
Other	225,000	201,000
Total Liabilities & Shareholders' Equity	FF 50,695,000	FF 47,874,000

* At lower of cost (FIFO & weighted average) or market.
# Less accumulated depreciation.
+ FF20 par value in 1987 and FF70 par in 1986.

Statistical Summary

%Income bef. Taxes to Sales	3.84	12.10
%Net Income to Sales	3.48	9.05
%Net Income to Equity	7.55	25.04
Sales to Inventories	1.99	1.33
Debt to Equity	0.22	0.45
Working Capital (000's)	—	FF 2,919,000
Current Ratio	—	1.08
Shareholders' Equity (000's)	FF 12,571,000	FF 7,858,000

THORN EMI plc

4 Tenterden Street
Hanover Square
London W1A 2AY England
01-836 2444

Directors: Sir Graham Wilkins, chairman; Colin Southgate, managing director & chief executive; Sir William Barlow, non-executive; David Barnes, non-executive; James Maxmin, chairman & chief executive-Home Electronics; Tom Mayer, chief executive-Technology Group; Robert Nellist, finance director; Sir Ian Trethowan, non-executive; Bhaskar Menon, chairman & chief executive-EMI Music Worldwide; Tom Mayer, chief executive-Technology Group; Michael Angus, non-executive.

Corporate Management: R. Charlton, company secretary; I. D. Christians, strategic development; K. W. Gray, technical; Colin Woodley, corp. communications; P. I. Hayman, corp. projects; D. R. W. Young, personnel & organization development; D. A. MacKechnie, financial analysis & control; D. T. Smith, international finance; B. T. Burford, purchasing; G. J. Cant, estates; K. W. Flack, insurance; R. A. A. Hurst, legal & patents; Teresa Prichard, asst. secretary; Charlotte Chambers, management development & training; G. G. Roberts, dir.-research; Sharon Curley, international public affairs; Mike Metcalf, deputy finance director.

Areas of Work: The Company's operations are divided into five areas: Rental and Retail, Technology, Music, Lighting, and Kenwood.

Rental and Retail activities include the operation of Radio Rentals, Le Set, and DER, all consumer electronics rental chains doing business in the U.K.; THORN EMI TV and Video Centres operates Multi-broadcast and Focus rental/retail consumer electronics stores in the U.K.; the Company also operates Rumbelows, a consumer electronics and appliance retail chain doing business in the U.K. under the Rumbelows and Hometech names; Overseas operations include THORN EMI International Rentals (which operates consumer electronics rental stores in 13 countries); FONA electronic retail stores and HMV music retailing outlets, which operate primarily in the U.K. and Denmark.

The Company's Technology Group focuses on five major high-technology markets – defense electronics, software, security, telecommunications, and semiconductors. Principal products include radar integration systems, advanced ticket issuing systems, hand-held thermal imagers, man-portable surveillance and target-acquisition radar, data distribution systems for naval vessels, mortar location radar, electronic countermeasures systems, aircraft early warning radar, aircraft engine fire detection systems, fuzes for air-launched missiles, artillery shells, klystron tubes for earth resource satellites, low light level sensing devices, fire and security protection equipment, information technology systems for the military, electronic retail point-of-sale terminals, railway power conversion and industrial drive controls, fare-collection equipment for railways, decision support and management software, computer maintenance services, digital public telephone exchanges, high-capacity optical fiber data package switches and computer-controlled business telephone systems, private automatic branch exchanges, measurement instruments, transputer products used in a wide range of applications including robotics, computer graphics, artificial intelligence and digital signal processing, and high-performance static Random Access Memories (RAMs).

Music operations include the production of recorded music, music publishing, music videos, the supply of duplicator magnetic tape and acetate discs to the international record industry, and the manufacture of compact discs.

Lighting products include high-pressure sodium lamps and fittings, incandescent and fluorescent lamps, miniature low-voltage tungsten halogen products for display markets, among others.

The Kenwood segment manufactures and distributes a wide range of small kitchen appliances.

Divisions and Subsidiaries:

RENTAL AND RETAIL

THORN Home Electronics International Ltd.
THORN EMI Hyr-TV AB (Sweden)
Focus TV and Video Centres Ltd.
DER Division
Rent-A-Center, Inc. (U.S.A.)
Radio Rentals Division
Rumbelows Retail Division
Radio Rentals Pty. Ltd. (Australia)
FONA A/S (Denmark)
HMV Division

TECHNOLOGY

THORN EMI Technology Ltd.
THORN EMI Electronics Ltd.
THORN EMI Varian
THORN Security Division
THORN EMI Datatech
Datasolve Division
THORN EMI Computer Software
THORN Ericsson Telecommunications (Holdings) Ltd. (51%-owned)
INMOS International plc

MUSIC

EMI Music Ltd.
Capitol Industries - EMI Inc. U.S.A.)
Pathe Marconi EMI SA (France)
EMI Italiana SpA (Italy)
EMI Electrola GmbH (Germany)
EMI Music Australia

CONSUMER AND COMMERCIAL

THORN Lighting Ltd.
Kenwood Ltd.
Kenwood SA (France)
Sivi Illuminazione SpA (Italy) (51%-owned)
THORN Licht GmbH (Germany)
Jarnkonst AB (Sweden)

INTERNATIONAL

Associate Companies:

Thames Television PLC
(28.75% interest)
England

Toshiba-EMI Ltd.
(50% interest)
Japan

J2T Holdings B.V.
(33.33% interest)
The Netherlands

J2T Video (Berlin) GmbH
(33.33% interest)
West Germany

Registrars:

National Westminster Bank PLC
Registrar's Dept.
37 Broad Street
Bristol BS99 7NH, England

Stock Exchange(s): London

Number of Employees:

1988	66,630	1986	85,700
1987	74,321	1985	90,327

Sales & Earnings

	Net Sales +	Net Income †
1988	£3,054,000,000	£ 137,500,000
1987	3,203,200,000	99,600,000
1986	3,316,500,000	61,400,000
1985	3,204,400,000	65,200,000
1984	2,820,900,000	88,000,000

	No. of Com. Shares	Earn. per Share † ‡
1988	276,079,767	53.1p
1987	217,666,115	43.9
1986	215,431,869	26.5
1985	N.A.	29.9
1984	N.A.	46.9

N.A. - Not Available
£ - pound sterling
+ Of continuing operations only.
† Before extraordinary items.
‡ Based on the weighted average number of common shars and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	22.0p	—	—
1987	18.5	—	
1986	17.5	—	—
1985	17.5	—	—
1984	17.5	—	—

Common Stock Equity

	Total Equity†	Equity Per Share
1988	£ 580,800,000	210.4p
1987	566,100,000	260.1
1986	516,700,000	239.8

† After allowing for preferred stock at stated values.

Income Account *
(000's)

Year ended Mar. 31	1988	1987
Net sales	£ 3,054,000	£ 3,203,200
Cost of sales	2,539,400	2,742,200
Distribution costs	110,000	116,100
Adm. expenses	225,600	235,200
Oper. income	(44,700)	(63,600)
Share of profits of rel. cos.	(20,000)	(18,500)
Finance charges	18,400	32,300
Income before taxes	£ 225,300	£ 159,500
Income taxes	79,000	57,000
Minority interests	8,800	2,900
Net Income	£ 137,500	£ 99,600
Extraord. loss	(14,200)	(24,700)
Net Income & extraord. loss	£ 123,300	£ 74,900

* Included in Costs and Expenses, Depreciation: £ 248,200,000 in 1988 and £ 212,000,000 in 1987.

Assets
(000's)

As of Mar. 31	1988	1987
Cash	£ 89,000	£ 54,600
Investments	31,700	9,200
Accts. receiv., net	525,000	624,800
*Inventories	384,800	397,600
Current Assets	£ 1,030,500	£ 1,086,200
Investments	52,100	57,600
Net assets of fin. subsid.	17,900	10,600
#Fixed assets	933,000	815,800
Total Assets	£ 2,033,500	£ 1,970,200

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	£ 57,700	£ 154,700
Accts. payable	317,900	315,500
Other payables	140,100	84,800
Customer deposits	78,000	71,600
Royalties & fees payable	117,100	109,500
Amts. owed to rel. cos.	1,400	10,100
Accruals	75,600	86,400
Income taxes-	48,600	57,100
Other taxes	66,600	54,100
Dividends	45,300	30,600
Curr. Liabilities	£ 948,300	£ 974,400
Long-term debt	121,400	148,800
Other payables	25,700	24,100
Minority interest	125,600	28,300
Deferred inc. taxes	26,200	24,500
Other liabilities	141,600	140,000
+7% preferred stock	63,400	63,500
++3.5% preferred stock	500	500
+++Common stock	69,000	54,400
Add. paid-in capital	290,200	282,200
Other reserves	10,400	10,400
Profit and loss acct.	211,200	219,100
Total Liabilities & Shareholders' Equity	£ 2,033,500	£ 1,970,200

* At lower of cost or net realizable value.
# Less accumulated depreciation.
+ £ 1 par value; 7% convertible redeemable cumulative.
++ £ 1 par value; 3.5% cumulative.
+++ 25p par value.

Statistical Summary

%Income bef. Taxes to Sales	7.38	4.98
%Net Income to Sales	4.50	3.11
%Net Income to Equity	21.33	15.81
Sales to Inventories	7.94	8.06
Debt to Equity	0.28	0.48
Working Capital	£ 82,200,000	£ 111,800,000
Current Ratio	1.09	1.11
Shareholders' Equity	£ 644,700,000	£ 630,100,000

3Com Corporation

3165 Kifer Road
Santa Clara, California 95052-8145
(408) 562-6400

Officers: L. William Krause, president & chief executive officer; Robert M. Metcalfe, chairman of the board & sr. v.p.-technology; Howard S. Charney, secretary, sr. v.p. & gen. mgr. Hardware Products Division; John E. Marman, sr., v.p.-sales, marketing & services; Christopher B. Paisley, v.p.-finance & chief financial officer; Robert D. Bressler, v.p. & gen. mgr.-Software Products Division; Jerry A. Dusa, v.p.-, v.p.-North American field operations; Debra J. Engel, v.p.-, human resources; Lazar Birenbaum , v.p.-engineering, Software Products Division; J. Daniel Robertson, v.p.-manufacturing, Hardware Products Division; Mark D. Michael, general counsel & asst. secretary.

Directors: Robert M. Metcalfe, chairman; Burton S. Goldberg, Stephen C. Johnson, C. Richard Kramlich, L. William Krause, Jack L. Melchor, F. Givson Myers, Jr..

Areas of Work: Designs, manufactures, markets and supports workgroup computing systems for network-based, graphics-intensive applications.

Subsidiaries:

3Com (UK) Ltd.
Goswell House
134 Peascod Street
Windsor SL4 1DS England
44(753) 868190

3Com S.A.R.L.
Za de Courtaboeuf
15 Avenue de Quebec
Batiment Sternes #3
Local Quebec 516 91946 Les Ulis Cedex, France
33(1)69071693

3Com GmbH
Bahnhofstrasse 26
D-8036 Herrsching a.A B.R., Deutschland
(49) 8152-4936

Transfer Agent(s):

Bank of America
Corporate Agency Service Center
Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: COMS (NASDAQ)

Number of Employees:

1987	552
1986	372
1985	274
1984	136
1983	48

Plant Footage:

1987 .... 165,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 110,377,000	$ 11,146,000
1986	63,992,000	6,681,000
1985	46,324,000	5,033,000
1984	16,652,000	2,290,000
1983	4,747,000	15,000

	No. of Com. Shares	Earn. per Share ‡
1987	15,412,993	$ 0.76
1986	13,798,094	0.48
1985	13,509,696	0.36
1984	13,503,795	0.19
1983	N.A.	—

N.A. - Not available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 76,352,000	$ 4.95
1986	32,710,000	2.37
1985	24,702,000	1.83
1984	19,608,000	1.45
1983	2,602,000	—

Income Account *
(000's)

Year ended May 31	1987	1986
Net sales	$ 110,377	$ 63,992
Cost of sales	54,247	30,657
Expenses:		
Sales and marketing	21,289	13,092
Res. & develop.	9,294	4,978
Gen. & adm.	5,253	3,116
Other expenses (income)	409	(33)
Income before taxes	$ 19,885	$ 12,182
Income taxes	8,739	5,501
Net Income	$ 11,146	$ 6,681

* Included in Costs and Expenses, Depreciation and Amortization: $3,206,000 in 1987 and $1,528,000 in 1986.

Assets
(000's)

As of May 31	1987	1986
Cash	$ 53,466	$ 19,201
Accts. receiv., net	15,546	10,154
*Inventories	8,468	5,359
Other curr. assets	2,782	1,573
Current Assets	$ 80,262	$ 36,287
#Fixed assets	8,144	4,364
Deposits & other assets	273	1,071
Total Assets	$ 88,679	$ 41,722

Liabilities
(000's)

Long-term debt, curr.	$ 110	$ 327
Accts. payable	6,032	3,038
Accrued payroll	2,216	1,537
Other accruals	1,648	1,522
Income taxes	1,795	1,512
Curr. Liabilities	$ 11,801	$ 7,936
Long-term debt	174	717
Deferred inc. taxes	352	359
+Common stock	52,307	19,928
Notes receiv. from stock sale	(74)	(191)
Retained earnings	24,119	12,973
Total Liabilities Shareholders' Equity	$ 88,679	$ 41,722

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	18.02	19.04
%Net Income to Sales	10.10	10.44
%Net Income to Equity	14.60	20.42
Sales to Inventories	13.03	11.94
Debt to Equity	—	0.03
Working Capital	$ 68,461,000	$ 28,351,000
Current Ratio	6.80	4.57
Shareholders' Equity	$ 76,352,000	$ 32,710,000

TIE/Communications, Inc.

12 Commerce Drive
Shelton, Connecticut 06484
(203) 926-2000

Officers: Thomas L. Kelly, chairman & president; William A. Merritt, exec. v.p.; Gilbert H. Engels, sr. v.p.; Eric V. Carter, v.p.-operations; Polly Parke, v.p.-corp. communications; Joseph G. Aschauer, v.p.-marketing; Edward H. Lavin, v.p.-sales; Anthony T. Guiterman, treasurer.

Directors: Thomas L. Kelly, chairman; Dause L. Bibby, Gilbert H. Engels, Robert E. LaBlanc, H. Tyler Marcy, Thomas P. Melady, William A. Merritt, Robert A. Pritzker, Thomas J. Pritzker, James A. Ross.

Areas of Work: Engaged in the design, manufacture and marketing of telecommunications products. Principal products are multi-featured, fully electronic, digitally controlled telephone systems, primarily for business use. The Company's products also include peripheral data and telecommunications products, telephone instruments and specialized instruments and specialized high traffic turret communications systems.

Subsidiaries:

TIE International, Inc.

TIE/Telecommunications Canada Ltd.
Exclusive Canadian distributor for the Company. Also manufactures and markets two digital PABX systems.

Turret Equipment Corporation
Engaged in the design, manufacture and marketing of specialized high traffic turret telephone systems primarily for use in the financial trading community.

TIE Industries, Inc.
TIE/Communications (U.K.) Ltd.
TIE/Italia S.p.A.

Transfer Agent(s):

Harris Trust Company of New York
77 Water Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: TIE

Number of Employees:

1988	2,159
1987	1,520
1986	1,700

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 255,299,000	$ (16,953,000)
1987	250,172,000	(10,648,000)
1986	298,154,000	(56,593,000)
1985	321,263,000	(77,889,,000)
1984	501,066,000	15,919,000

	No. of Com. Shares	Earn. per Share † ‡
1988	34,614,811	$ —
1987	34,469,716	—
1986	36,060,085	—
1985	35,893,953	—
1984	35,594,345	0.47

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $472,000 in 1987 and $1,179,000 in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 115,763,000	$ 3.34
1987	138,203,000	4.01
1986	156,346,000	4.34
1985	211,452,000	5.89
1984	290,199,000	8.15

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 255,299	$ 250,172
Cost of sales	172,889	176,405
Writedown of inventory	—	1,589
Expenses	96,019	79,352
Prof. for restruc. of oper.	3,300	—
Other expense (income)	(1,989)	250
Loss before taxes	$ (14,920)	$ (7,424)
Income taxes	2,246	3,594
Eq. in loss (inc.) of affil.	37	(9)
Minority interest	(250)	111
Net Loss	$ (16,953)	$ (11,120)
Extraord. gain	—	472
Net Loss & extraord. gain	$ (16,953)	$ (10,648)

* Included in Costs and Expenses, Depreciation and Amortization: $8,114,000 in 1988 and $9,419,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 21,688	$ 57,613
Short-term invest.	2,213	2,602
Restricted cash equiv.	—	16,500
Accts. receiv., net	50,324	51,966
*Inventories	82,723	89,898
Receiv. from officers	862	1,119
Other receivables	6,451	7,581
Other curr. assets	6,232	4,747
Current Assets	$ 170,493	$ 232,026
Investments in affil.	1,368	1,837
#Fixed assets	16,189	15,399
Notes receivable	6,076	4,199
Other assets	2,174	2,019
Intangibles	57,991	36,308
Total Assets	$ 254,291	$ 291,788

Liabilities
(000's)

	1988	1987
Notes payable & long-term debt, curr.	$ 15,250	$ 36,736
Accts. payable	12,686	11,765
Accruals	37,654	42,128
Income taxes	8,137	7,653
Curr. Liabilities	$ 73,727	$ 98,282
Long-term debt	13,420	7,745
Minority interest	9,885	9,295
Deferred income	611	1,099
Deferred inc. taxes	817	1,030
Redeem. pref. stock	40,068	36,134
+Common stock	1,731	1,724
Add. paid-in capital	178,564	184,987
Retained earnings (deficit)	(65,959)	(49,006)
Treasury stock	(56)	—
Restricted stock awards	(337)	(184)
Cum. trans. adjust.	1,820	682
Total Liabilities & Shareholders' Equity	$ 254,291	$ 291,788

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

	1988	1987
Sales to Inventories	3.09	2.78
Debt to Equity	0.25	0.32
Working Capital	$ 96,766,000	$ 133,744,000
Current Ratio	2.31	2.36
Shareholders' Equity	$ 115,763,000	$ 138,203,000

TII Industries, Inc.

1385 Akron Street
Copiague, New York 11726
(516) 789-5000

Officers: Alfred J. Roach, chairman of the board & chief exec. officer; Timothy J. Roach, president, vice chairman & chief operating officer; Thomas F. Belleau, v.p.-finance; C. Bruce Barksdale, v.p.-product development; Dorothy Roach, secretary & treasurer; James Roach, v.p.-sales; Frances Giambanco, v.p.-administration & asst. secretary; John M. Cawley, v.p.-engineering; John T. Hyland, Jr., v.p. & controller; Alan Hotaling, v.p. & gen. mgr..

Directors: Alfred J. Roach, chairman; Dorothy Roach, Joseph C. Hogan, C. Bruce Barksdale, Timothy J. Roach, James R. Grover, Jr..

Areas of Work: Produces gas tube overvoltage protective devices, uninterruptible power systems and electronic products used in the communications industry.

Subsidiaries:

TII Corporation
1385 Akron Street
Copiague, New York 11726

TII Industries, Inc/Puerto Rico
TII Electronics, Inc.
Road 165, Kilometer 1.6
Toa Alta, Puerto Rico 00758

Affiliates:

Teleprobe Systems, Inc. (35.1% owned)
Manufactures fault diagnosis and testing equipment for communication systems.

Transfer Agent(s):

Harris Trust Company of New York
77 Water Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: TI

Number of Employees:

1988	1,182	1985	849
1987	1,075	1984	500
1986	900		

Plant Footage:

1988	138,000 sq. ft.	1985	88,000
1987	138,000	1984	60,000
1986	128,000		

Sales & Earnings

	Net Sales	Net Income †
1988	$ 30,742,000	$ (13,582,000)
1987	34,583,000	1,842,000
1986	38,291,000	1,271,000
1985	31,353,000	310,000
1984	32,653,000	2,954,000

	No. of Com. Shares #	Earn. per Share †#
1988	3,059,000	$ —
1987	3,033,000	0.61
1986	2,949,000	0.43
1985	2,947,000	0.11
1984	2,927,000	1.01

(Loss)
† Including extraordinary gains of $30,000 ($0.01 per share) in 1984 and $50,000 ($0.02 per share) in 1983.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 9,271,000	$ 3.03
1987	22,581,000	7.45
1986	20,280,000	6.88
1985	18,975,000	6.44
1984	18,185,000	6.21

† Based on the weighted average number of shares outstanding.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 30,742,000	$ 34,583,000
Cost of sales	22,691,000	23,460,000
Prov. for writedown of inventories	12,850,000	—
Expenses	6,461,000	7,550,000
Research & devel.	2,125,000	1,790,000
Interest exp.	1,200,000	631,000
Interest income	(68,000)	(115,000)
Gain on sale of subsid. stock	—	(12,000)
Other expense (income)	9,000	(107,000)
Eq. in income of affil.	(944,000)	(456,000)
Net Income (Loss)	$ (13,582,000)	$ 1,842,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,736,000 in 1988 and $1,521,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 657,000	$ 3,052,000
Accts. receiv., net	5,106,000	5,253,000
Other receivables	1,428,000	1,227,000
Receiv. from affil.	—	1,472,000
* Inventories	12,415,000	22,912,000
Prepaid expenses	406,000	585,000
Current Assets	$ 20,012,000	$ 34,501,000
Invest. in affil.	340,000	454,000
# Fixed assets	9,671,000	9,899,000
Other assets	1,326,000	1,363,000
Total Assets	$ 31,349,000	$ 46,417,000

Liabilities

	1988	1987
Notes payable	$ 2,150,000	$ 2,400,000
Long-term debt, curr.	2,312,000	2,531,000
Accts. payable	3,400,000	4,533,000
Accruals & taxes	994,000	860,000
Curr. Liabilities	$ 8,856,000	$ 10,324,000
Long-term debt	8,375,000	8,661,000
Deferred credit	4,847,000	4,851,000
+ Common stock	19,000	17,000
+ Class B stock	12,000	13,000
Add. paid-in capital	7,998,000	7,727,000
Retained earnings	1,523,000	15,105,000
Treasury stock	(281,000)	(281,000)
Total Liabilities & Shareholders' Equity	$ 31,349,000	$ 46,417,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

	1988	1987
% Net Income to Sales	—	5.33
% Net Income to Equity	—	8.16
Sales to Inventories	2.48	1.51
Debt to Equity	1.38	0.60
Working Capital	$ 11,156,000	$ 24,177,000
Current Ratio	2.26	3.34
Shareholders' Equity	$ 9,271,000	$ 22,581,000

The Titan Corporation

(formerly Electronic Memories & Magnetics Corporation)

9191 Towne Centre Drive
La Jolla Gateway, Suite 600
San Diego, California 92122-9921
(619) 453-9592

Officers: J. Sidney Webb, Jr., chairman; Gene W. Ray, president & chief exec. officer; Rolf B. Erikson, sr. v.p.-corporate development; Stephen P. Meyer, v.p. & chief financial officer; Albert E. Knauf, sr. v.p., & chief exec. officer-Titan Applications; Jane E. Judd, controller; Gerold Yonas, sr. v.p.; Martin P. Fricke, sr. v.p.; John R. McDougall, sr. v.p., & president-Titan Systems; D. Marshall Nelson, sr. v.p., general counsel & secretary; Jack A. Walker, v.p., & president-Titan Applications.

Directors: Harry S. Derbyshire, J. Sidney Webb, Jr., Joseph F. Caligiuri, Daniel J. Fink, Gene W. Ray, R. James Woolsey.

Areas of Work: Operations are grouped in three industry segments: Systems, Technologies, and Electronics. The Systems segment provides advanced technology system design and development and systems deployment, operational and test support in areas such as "C3I," space and weapons systems, and artificial intelligence. The Technologies segment conducts reasearch and development of emerging technologies in electro-optics, pulsed power, computational fluid dynamics and applied mechanics. The Electronics segment provides militarized computers, electronic subsystems, and meteor burst communications equipment.

Subsidiaries:

Titan Severe Environment Systems Company
Manufactures microcomputers used in airborne, shipboard and ground-based mobile military systems as well as in harsh industrial environments.

Titan Systems, Inc.
Provides systems engineering in high-priority defense program.

Federal Services, Inc.
Specializes in providing support for military training on simulators and war gaming.

Beta Development Corporation
Designs and produces pulsed power systems, which include lasers and high-power, high voltage electronic subsystems for directed energy devices.

California Research & Technology, Inc.
Involved in the field of computer modeling used in nuclear effects testing.

Spectron Development Laboratories, Inc.
Engaged in electro-optics technology.

Meteor Communications Corporation
Designs and manufactures communications systems based on meteor burst technology.

Advanced Digital Systems, Inc.
10052 Mesa Ridge Court, Suite 200
San Diego, California 92121
(619) 457-0512
Systems engineering and software development for Navy satellite communications systems.

Pulse Sciences, Inc.
600 McCormick Street
San Leandro, California 94577
(415) 632-5100
Pulsed power technology.

Transfer Agent(s):

Bank of America, N.T. & S.A.
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: TTN

Number of Employees:

1988	1,100	1985	1,841
1987	1,200	1984	1,800
1986	2,100		

Sales & Earnings

	Net Revenues +	Net Income †
1988	$ 104,923,000	$ (11,162,000)
1987	106,665,000	1,525,000
1986	79,783,000	1,251,000
1985	62,481,000	(7,760,000)
1984	49,491,000	3,449,000

	No. of Com. Shares #	Earn. per Share #†
1988	12,721,000	$ —
1987	13,275,000	0.04
1986	12,873,000	0.02
1985	12,589,000	—
1984	N.A.	0.21

(Loss)
N.A. -- Not Available.
+ Of continuing operations only.
† Including extraordinary gain of $476,000 ($0.03 per share) in 1987 and extraordinary loss of $600,000 ($0.05 per share) in 1986.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1988	1987
Systems	$ 52,357,000	$ 50,797,000
Technologies	30,401,000	30,215,000
Electronics	22,165,000	25,653,000
Total	$ 104,923,000	$ 106,665,000

Common Stock Equity

	Total Equity †	Equity Per Share #
1988	$ 15,621,000	$ 1.23
1987	27,228,000	2.05
1986	27,754,000	2.16
1985	21,471,000	1.71
1984	29,946,000	—

† After allowing for preferred stock at liquidation value of $20 per share.
# Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net revenues	$ 104,923	$ 106,665
Cost of revenues	87,939	83,357
Expenses	19,339	19,605
Write-offs of goodwill	9,973	75
Interest expense	2,255	1,565
Interest income	(348)	(685)
Income (loss) bef. taxes	$ (14,235)	$ 2,748
Income taxes	100	1,440
Inc. (loss)-cont. oper.	$ (14,335)	$ 1,308
Inc. (loss)-discont. oper.	3,173	(259)
Net Income (Loss)	$ (11,162)	$ 1,049
Extraord. gain	—	476
Net Income (Loss) & extraord. gain	$ (11,162)	$ 1,525

* Included in Costs and Expenses, Depreciation and Amortization: $3,111,000 in 1988 and $2,898,000 in 1987.
‡ Restated.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 296	$ 659
Notes receiv.	15,776	—
Accts. receiv., net	31,567	35,972
*Inventories	5,047	4,427
Prepaid expenses	1,969	2,320
Assets of discont. oper.	8,251	21,197
Current Assets	$ 62,906	$ 64,575
#Fixed assets	6,529	6,292
Intangibles	5,276	12,428
Other assets	3,288	3,317
Total Assets	$ 77,999	$ 86,612

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ —	$ 1,350
Accts. payable	5,420	4,950
Income taxes	1,683	1,357
Accrued comp.	4,871	4,821
Other accruals	11,026	5,902
Curr. Liabilities	$ 23,000	$ 18,380
Long-term debt	12,000	13,500
Other liabilities	8,429	8,359
+Preferred stock	947	957
++Common stock	134	130
Add. paid-in capital	26,936	25,966
Retained earnings	9,377	21,496
Treasury stock	(2,824)	(2,176)
Total Liabilities & Shareholders' Equity	$ 77,999	$ 86,612

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value, cumulative.
++ $0.01 par value.

Statistical Summary

	1988	1987
%Net Income to Equity	—	2.26
Debt to Equity	0.35	0.32
Working Capital	$ 39,906,000	$ 46,195,000
Current Ratio	2.74	3.51
Shareholders' Equity	$ 34,570,000	$ 46,373,000

Torotel, Inc.

13402 South 71 Highway
Grandview, Missouri 64030
(816) 761-6314

Officers: Alfred F. Marsh, chairman, president & chief exec. officer; Victor K. Brewer, Jr., treasurer; Donald H. Loudon, secretary.

Directors: Alfred F. Marsh, chairman; Dale H. Sizemore, Jr., Victor K. Brewer, Jr., Jack C. Beecroft.

Areas of Work: Designs and manufactures magnetic components such as transformers, chokes and toroidal coils, used in aircraft navigational systems, voice and data secure communications, telephone and avionics equipment, and missile and torpedo guidance systems.

Subsidiary:

Torotel Products, Inc.
Grandview, Missouri

Transfer Agent(s):

DST Systems, Inc.
Kansas City, Missouri

Stock Exchange(s): American

Ticker Symbol: TTL

Number of Employees:

1988 200

Plant Footage:

1988 . . . . 24,000 sq. ft.

Sales & Earnings

	Net Sales +	Net Income #
1988	$ 9,468,000	$ 722,000
1987	10,794,000	(1,939,000)
1986	11,040,000	(5,408,000)
1985	9,493,000	118,000
1984	8,402,000	826,000

	No. of Com. Shares ‡	Earn. per Share #‡
1988	2,573,060	$ 0.28
1987	2,537,728	—
1986	2,506,717	—
1985	2,513,223	0.05
1984	2,494,686	0.33

(Loss)
+ Of continuing operations only.
# Including extraordinary gain of $229,000 ($0.09 per share) in 1988.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	5%	

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 1,073,000	$ 0.42
1987	345,000	0.14
1986	2,193,000	0.87
1985	7,531,000	3.00
1984	8,654,000	3.47

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended March 31	1988	1987
Net sales	$ 9,468,000	$ 10,794,000
Cost of sales	6,125,000	6,281,000
Expenses	2,799,000	2,935,000
Interest expense	242,000	297,000
Interest income	(13,000)	(27,000)
Other expense (income)	(58,000)	8,000
Income before taxes	$ 373,000	$ 1,300,000
Income taxes	118,000	622,000
Inc.-cont. oper.	$ 255,000	$ 678,000
Inc. (loss) - discont. oper.	238,000	(2,617,000)
Net Income (Loss)	$ 493,000	$ (1,939,000)
Extraord. gain	229,000	—
Net Income (Loss) & extraord. gain	$ 722,000	$ (1,939,000)

* Included in Costs and Expenses, Depreciation and Amortization: $165,000 in 1988 and $174,000 in 1987.

Assets

As of March 31	1988	1987
Cash & cert. of deposit	$ 194,000	$ 160,000
Accts. receiv., net	2,347,000	3,425,000
*Inventories	1,882,000	1,786,000
Refund. inc. taxes	150,000	—
Net assets-discont. oper.	—	378,000
Other curr. assets	120,000	212,000
Current Assets	$ 4,693,000	$ 5,961,000
#Fixed assets	979,000	1,108,000
Other assets	50,000	11,000
Total Assets	$ 5,722,000	$ 7,080,000

Liabilities

	1988	1987
Long-term debt, curr.	$ 258,000	$ 28,000
Short-term borrowings	1,261,000	2,594,000
Accts. payable	1,395,000	1,332,000
Accruals	1,134,000	2,393,000
Income taxes	—	69,000
Curr. Liabilities	$ 4,048,000	$ 6,416,000
Long-term debt.	601,000	319,000
+Common stock	1,283,000	1,282,000
Add. paid-in capital	8,480,000	8,475,000
Retained earnings (deficit)	(8,586,000)	(9,308,000)
Treasury stock	(104,000)	(104,000)
Total Liabilities & Shareholders' Equity	$ 5,722,000	$ 7,080,000

* At lower of cost (moving average) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

	1988	1987
% Net Income to Equity	45.95	—
Sales to Inventories	5.03	6.04
Debt to Equity	1.98	8.52
Working Capital	$ 645,000	—
Current Ratio	1.16	—
Shareholders' Equity	$ 1,073,000	$ 345,000

Toshiba Corporation

1-1, Shibaura 1-chome
Minato-ku, Tokyo 105, Japan

Officers and Directors: Joichi Aoi*, president & chief executive officer; senior executive v.p.'s: Sakae Shimizu*, Fumio Ohta*, Kinichi Kadono*, Fumio Sato*; executive v.p.'s; Etsuro Ashihara,* Hidehiko Yoshida,* Osamu Iemura,* Tsuyoshi Kawanishi*; senior v.p.'s: Kiyoshi Nagai, Yasuji Oku, Tomoya Okuda, Keiichi Komiya, Kazuya Takakumo, Sadao Okano, vice presidents: Saburo Suzuki, Hiroshi Yamakawa, Seiichi Takayanagi, Jun Sasakura, Kunika Mizushima, Yasumasa Yahagi, Yoshihiko Wakumoto, Hideharu Egawa, Ichiro Miura, Takashi Okatomi, Kanichi Ito, Atsumi Uchiyama, Masaichi Koga; Kosaku Inaba, director. *Denotes representative director

Areas of Work: The Company's lines of business span industrial electronics and electronic components, heavy electrical apparatus, consumer products, and materials, machinery and other products.

In the area of Industrial Electronics, the Company produces office automation equipment, including computers, workstations, optical document filing systems, word processors, printers, floppy disk drives, optical character readers, and copiers; telecommunications equipment including private branch exchanges, push-button telephones, packet switching systems, data switches, and local area network systems; broadcasting equipment, including radio and television transmitters and color cameras; airport equipment, including radar systems and runway lighting equipment; space-related products, including engineering test satellites and broadcasting satellites; aerospace equipment and defense products; medical equipment, including computed tomography scanners, ultrasound diagnostic equipment, and magnetic resonance imaging systems; and labor-saving automation equipment, including letter- and package-sorting systems and banking machines.

In the area of Electronic Components, the Company produces semiconductors products, including memories, microprocessors, gate arrays, standard cells, logic ICs, bipolar ICs, power devices, diodes, and transistors; electron tubes, including color picture tubes, display tubes and magnetron tubes; and other electronic components, including printed circuit boards, charge-coupled devices, surface acoustic wave devices, sensors, and semiconductor lasers.

In the area of Consumer Products, the Company produces video products, including video cassette recorders and cameras, camcorders, video disc players, video tapes, and color televisions; audio products, including stereo systems, compact disc players, radio cassette recorders, headphone-type compact stereo cassette players, and portable and clock radios; household appliances, including room air conditioners, heaters, electric fans, washing machines, clothes dryers, vacuum cleaners, refrigerators, microwave ovens, food processors, juicers, blenders, toasters, rice cookers, and meat grinders; and lighting equipment, including incandescent and fluorescent bulbs, lamps, and lamp fixtures.

In the area of Heavy Electrical Apparatus, the Company produces power plant systems, including equipment for nuclear, thermal, geothermal and hydroelectric power plants, substations, computer-controlled transmission systems and subsystems; industrial electrical apparatus and measuring instruments, including control equipment for steel mills, pulp and paper plants, induction/synchronous/direct current motors, and process control instruments; factory automation systems and equipment, including industrial robots, unmanned carriers, computers and computer-aided design/computer aided-manufacturing systems with specific factory automation applications; and transportation equipment, including mass transportation control systems, electric locomotives, electrical equipment for railway coaches, railway substations, elevators and escalators.

In the area of Materials, Machinery and other Products, the Company produces materials, including steel tubing, alloys, quartz glass, ceramics, insulating materials, resin, magnetic and nonmagnetic materials, silicone, tungsten, and molybdenum products; machinery, including machine tools, precision machinery, semiconductor manufacturing equipment, plastic-fabricating machines, and die-casting equipment; and other products, including prefabricated housing, optical equipment, lightwave telemeters, and clinical thermometers.

Subsidiaries (Japan):

Iwate Toshiba Electronics Co., Ltd.
Kitashiba Electric Co., Ltd.
Marcon Electronics Co., Ltd.
Minato Building Co., Ltd.
Nikko Jitsugyo Co., Ltd.
Nishishiba Electric Co., Ltd.
Onkyo Corporation
Shibaura Engineering Works Co., Ltd.
Tokyo Electric Co., Ltd.
Toshiba Automation Co., Ltd.
Toshiba Battery Co., Ltd.
Toshiba Builders Appliance Co., Ltd.
Toshiba Ceramics Co., Ltd.
Toshiba Chemical Corporation
Toshiba Components Co., Ltd.
Toshiba Credit Corporation
Toshiba Electric Appliance Co., Ltd.
Toshiba Electric Equipment Corp.
Toshiba Electronic Systems Co., Ltd.
Toshiba Elevator & Escalator Service Co., Ltd.
Toshiba Engineering & Construction Co., Ltd.
Toshiba Engineering Co.; Ltd.
Toshiba Glass Co., Ltd.
Toshiba Heating Appliances Co., Ltd.
Toshiba House and Living Industry Co., Ltd.
Toshiba Information Equipment Co., Ltd.
Toshiba Machine Co., Ltd.
Toshiba Medical Systems Co., Ltd.
Toshiba Physical Distribution Co., Ltd.
Toshiba Silicone Co., Ltd.
Toshiba Steel Tube Co., Ltd.
Toshiba Tungaloy Co., Ltd.

Subsidiaries (North America):

Toshiba of Canada Ltd.; Willowdale, Ontario
Toshiba America, Inc.; New York
Toshiba Hawaii, Inc.; Honolulu
Toshiba International Corporation; San Francisco
Toshiba Westinghouse Electronics Corporation; Horseheads (NY)

Transfer Agent(s):

The Mitsui Trust and Banking Co., Ltd.

Stock Exchange(s): Tokyo

Number of Employees:

1988	122,000	1985	114,000
1987	121,000	1983	105,000
1986	120,000		

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1988	¥ 3,572,435	¥ 60,711
1987	3,307,593	34,178
1986	3,372,955	59,440
1985	3,342,824	86,119
1984	2,706,910	59,004

	No. of Com. Shares	Earn. per Share ‡
1988	2,939,414,618	¥ 20.37
1987	2,732,493,655	11.86
1986	2,675,677,236	19.24
1985	N.A.	29.63
1984	N.A.	22.46

¥ - Yen
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1988	1987
Information/ communication syst. & elec. devices	¥ 1,528,300	¥ 1,328,600
Heavy electrical apparatus	874,300	826,900
Consumer prods. & other	1,169,800	1,152,100
Total	¥ 3,572,400	¥ 3,307,600

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	¥ 8.00	—	—
1987	8.00	—	
1986	8.00	—	—
1985	8.00	—	—
1984	7.33	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1988	¥ 717,938	¥ 244.25
1987	592,923	216.99
1986	566,557	211.74
1985	547,918	—
1984	464,817	—

Income Account *
(millions)

Year ended Mar. 31	1988	1987
Net sales	¥ 3,572,435	¥ 3,307,593
Other income	132,256	134,662
Total income	¥ 3,704,691	¥ 3,442,255
Cost of sales	2,572,914	2,428,520
Expenses	889,437	827,497
Interest expense	66,346	72,238
Other expenses	50,520	35,984
Income before taxes	¥ 125,474	¥ 78,016
Income taxes	65,016	44,947
Minority interests	3,529	4,567
Eq. in inc. of unconsol. subsid.	(3,782)	(5,676)
Net Income	¥ 60,711	¥ 34,178

* Included in Costs and Expenses, Depreciation: ¥ 176,532,000,000 in 1988 and ¥ 174,009,000,000 in 1987.

Assets
(millions)

As of Mar. 31	1988	1987
Cash	¥ 181,154	¥ 204,135
Time deposits	273,934	168,282
Marketable securities	247,514	204,941
Accts. receiv., net	721,064	671,854
*Inventories	505,853	536,583
Prepaid expenses	184,347	183,951
Current Assets	¥ 2,113,866	¥ 1,969,746
Long-term receiv.	134,000	152,205
Investments in unconsol. subsid.	96,583	79,477
Other investments	217,849	191,461
#Fixed assets	737,920	744,410
Other assets	158,915	146,802
Total Assets	¥ 3,459,133	¥ 3,284,101

Liabilities
(millions)

Bank loans	¥ 531,740	¥ 637,791
Long-term debt, curr.	48,771	61,326
Notes payable	285,998	335,718
Accts. payable	344,375	245,888
Notes payable for construc.	43,190	40,347
Accrued taxes	80,892	50,893
Advance payments	187,019	169,455
Empl. sav. deposits	67,504	63,008
Other accruals	246,630	230,108
Curr. Liabilities	¥ 1,836,119	¥ 1,834,534
Long-term debt	552,902	524,517
Liab. for severance liab.	225,882	204,477
+Common stock	196,642	151,785
Add. paid-in capital	191,942	140,390
Legal reserve	40,664	37,934
Retained earnings-dividends	11,757	10,829
Retained earnings	315,737	280,940
Cum. trans. adjust.	(38,804)	(29,055)
Total Liabilities & Shareholders' Equity	¥ 3,459,133	¥ 3,284,101

* At lower of cost (average & FIFO) or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.51	2.36
%Net Income to Sales	1.70	1.03
%Net Income to Equity	8.46	5.76
Sales to Inventories	7.06	6.16
Debt to Equity	1.98	2.06
Working Capital (000's)	¥ 277,747,000	¥ 135,212,000
Current Ratio	1.15	1.07
Shareholders' Equity (000's)	¥ 717,938,000	¥ 592,923,000

Trans-Lux Corporation

110 Richards Avenue
Norwalk, Connecticut 06856-5090
(203) 853-4321

Officers: Richard Brandt, chairman & chief exec. officer; Louis A. Credidio, president & chief operating officer; Victor Liss, exec. v.p., secretary & chief financial officer; Frank N. Daniels, sr. v.p.; Charles J. Holloman, sr. v.p. & chief scientist; Thomas M. Waltz, sr. v.p.; Robert Belger, vice president; Albert Boyars, vice president; Karl P. Hirschauer, vice president; Marianne Johnson, vice president; Angela D. Toppi, treasurer & asst. secretary; Robert Budd, vice president; Thomas Calello, asst. vice president; Fred Duray, asst. vice president; Gene Coyne, asst. vice president; James A. Tripp, Jr., asst. vice president; Michael R. Mulcahy, asst. vice president; Jerry E. Krause, asst. v.p.; Thomas Mahoney, asst. v.p.; Corwin J. White, asst. v.p.; Derek Stodart, v.p.-Trans-Lux Canada Ltd.; Ronald H. Turcotte, sr. v.p.-Trans-Lux Canada Ltd.; Robert P. Bosworth, v.p.-Trans-Lux Canada Ltd.; Caroline A. Bowen, asst. v.p.-Trans-Lux Canada Ltd.; Thomas Brandt, asst. v.p.-entertainment subsidiaries.

Directors: Richard Brandt, chairman; Louis A. Credidio, Allan Fromme, Robert Greenes, Edward H. Meyer, Howard S. Modlin, Eugene Picker, Victor Liss.

Areas of Work: The Company's Communications Division designs, produces, leases, sells and services large-scale LED (light-emitting diodes) information displays, microprocessor-based telecommunications terminals and facsimile transmission equipment. The Company's Entertainment Division operates a multimedia auditorium in New York City.

Divisions:

Communications Division
Entertainment Division

Subsidiaries:

Trans-Lux SignLine Corporation
Trans-Lux News-Sign Corporation
Trans-Lux Service Corporation
Trans-Lux Multimedia Corporation
Trans-Lux Synidicated Programs Corporation
Trans-Lux Canada Ltd.
Saunders Realty Corporation
Trans-Lux Data Network Corporation
Trans-Lux South Street Venture Corporation
Trans-Lux Seaport Corporation
Trans-Lux Investment Corporation

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: TLX

Number of Employees:

1988	N.A.	1986	325
1987	322		

N.A. - Not Available.

Plant Footage:

1988	88,000 sq. ft.	1986	88,000
1987	88,000		

Sales & Earnings

	Net Sales +	Net Income
1988	$ 19,031,000	$ (1,496,000)
1987	19,423,000	(464,000)
1986	19,965,000	4,104,000
1985	22,844,000	1,709,000
1984	21,026,000	1,829,000

	No. of Com. Shares‡	Earn. per Share‡
1988	1,507,000	$ —
1987	1,721,000	—
1986	1,826,000	2.26
1985	1,965,000	0.90
1984	2,107,000	0.89

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.152	5%	—
1987	0.152	—	
1986	0.134	5% & 5%	—
1985	—	2% & 5%	—
1984	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 21,187,000	$ 14.06
1987	24,781,000	14.40
1986	26,616,000	14.58
1985	24,871,000	12.66
1984	24,702,000	11.72

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Gross revenues	$ 19,031	$ 19,423
Cost of sales	10,429	10,768
Write-down assets	2,541	2,050
Expenses	7,846	7,601
Interest expense	1,873	1,795
Interest income	(1,507)	(1,565)
Other income	(54)	(552)
Loss before taxes	$ (2,097)	$ (674)
Tax credit	(601)	(210)
Net Loss	$ (1,496)	$ (464)

* Included in Costs and Expenses, Depreciation and Amortization: $3,970,000 in 1988 and $4,014,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 2,035	$ 1,667
Marketable securities	18,955	19,209
Accts. receiv., net	1,379	982
Income taxes recov.	—	903
*Inventories	320	319
Current Assets	$ 22,689	$ 23,080
Investments	1,286	1,344
Rental equipment	11,647	12,441
#Fixed assets	7,572	8,713
Intangibles	1,664	1,710
Total Assets	$ 44,858	$ 47,288

Liabilities
(000's)

Long-term debt, curr.	$ 335	$ 515
Short-term borrowings	4,836	2,865
Accts. payable & accruals	1,958	1,818
Income taxes	199	248
Curr. Liabilities	$ 7,328	$ 5,446
Long-term debt	15,223	15,883
Deferred revenue	729	—
Deferred inc. taxes	391	1,178
+Common stock	2,171	2,015
+Class B stock	543	669
Add. paid-in capital	13,690	13,365
Retained earnings	15,499	17,806
Treasury stock	(10,716)	(9,074)
Total Liabilities & Shareholders' Equity	$ 44,858	$ 47,288

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Debt to Equity	0.96	0.78
Working Capital	$ 15,361,000	$ 17,634,000
Current Ratio	3.10	4.24
Shareholders' Equity	$ 21,187,000	$ 24,781,000

Transducer Systems, Inc.

1500 Gehman Road
P.O. Box 341
Kulpsville, Pennsylvania 19443
(215) 256-4611

Officers: Thomas J. Carduff, chairman, chief executive & chief financial officer; R. Phillip Wallauer, v.p. & secretary; Stephen J. Sanderson, v.p..

Directors: Thomas J. Carduff, chairman; Alfred A. Zollo, Alfred Lifton, Peter Hamel, Ramesh J. Haveri, Warlow Eichler.

Areas of Work: The Company designs, manufactures and markets electro-magnetic and electronic components for use in a variety of applications. Principal products include: magnetic pickups, digital-output sensor, zero-speed sensors and velocity transducers, sold to the computer peripheral industry for use in disk drives and printers.

Subsidiaries:

Caribbean Services Incorporated
Barbados, West Indies

Transfer Agent(s):

Mellon Bank (East) NA
Securities Transfer Services
P.O. Box 444
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TSIC (NASDAQ)

Number of Employees:

1988 127
1987 . . . . N.A.
1986 . . . . N.A.
1985 200
1984 250

Plant Footage:

1988 29,000
1987 . . . . N.A.
1986 . . . . 70,000 sq. ft.
1985 70,000
1984 54,000

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 2,623,000	$ (649,000)
1987	4,299,000	(573,000)
1986	4,380,000	66,000
1985	3,932,000	(921,000)
1984	7,455,000	613,000

	No. of Com. Shares †	Earn. per Share #
1988	1,030,011	$ —
1987	1,030,011	—
1986	1,030,011	0.07
1985	1,030,011	—
1984	1,028,636	0.60

(Loss)
† Adjusted to reflect stock dividend.
# Based on the average number of shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	0.02	10%	—

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 733,000	$ 0.71
1987	1,382,000	1.34
1986	2,060,000	2.00
1985	2,045,000	1.99
1984	2,960,000	2.88

† Adjusted to reflect stock dividend.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 2,623,000	$ 4,229,000
Cost of sales	2,418,000	3,747,000
Expenses	728,000	940,000
Interest expense	126,000	127,000
Royalty income	—	(50,000)
Other expense	—	38,000
Net Loss	$ (126,000)	$ (573,000)

* Included in Costs and Expenses, Depreciation: $258,000 in 1988 and $326,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 138,000	$ 63,000
Accts. receiv., net	688,000	649,000
*Inventories	440,000	830,000
Prepaid expenses	37,000	71,000
Current Assets	$ 1,303,000	$ 1,613,000
#Fixed assets	507,000	1,864,000
Other receivables	117,000	217,000
Other assets	1,000	23,000
Total Assets	$ 1,928,000	$ 3,717,000

Liabilities

Notes payable	$ 230,000	$ 575,000
Long-term debt, curr.	90,000	139,000
Accts. payable	188,000	101,000
Accruals	170,000	185,000
Curr. Liabilities	$ 678,000	$ 1,000,000

Long-term debt	146,000	1,091,000
Deferred income	371,000	244,000
+Common stock	103,000	103,000
Add. paid-in capital	1,673,000	1,673,000
Retained earnings (deficit)	(887,000)	(238,000)
Treasury stock	(156,000)	(156,000)
Total Liabilities & Shareholders' Equity	$ 1,928,000	$ 3,717,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	5.96	5.10
Debt to Equity	0.64	1.31
Working Capital	$ 625,000	$ 613,000
Current Ratio	1.92	1.61
Shareholders' Equity	$ 733,000	$ 1,382,000

Transmation, Inc.

977 Mt. Read Boulevard
Rochester, New York 14606
(716) 254-9000

Officers: William J. Berk, president & chief executive; Philip P. Schulp, v.p.-sales; Anthony S. Graff, v.p.-manufacturing; John A. Misiaszek, v.p.-finance, secretary-treasurer; Paul M. Augenstein, v.p.-engineering.

Directors: William J. Berk, Angelo J. Chiarella, Philip P. Schulp, Gerald R. Katz, Michael R. Smart, Arthur M. Richardson, Robert G. Klimasewski, John W. Oberlies, Harvey J. Palmer.

Areas of Work: Engaged in the development and manufacture of electronic interface instruments and digital systems; produces products such as thermocouple dial alarms for monitoring plant warning temperatures, electronic integrators for accurate counting of proportional analog signals, integrated circuit transmitters, field signal indicators, calibration equipment and other manufacturers' products through direct mail marketing.

Divisions and Subsidiaries:

Instrument Division
Transcat, Inc.
Systems/Computer Division

Transmation (Canada) Inc.
170 Brockport Drive
Rexdale, Ontario M9W5C8, Canada

Transfer Agent(s):

The National City Bank of Cleveland
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRNS (NASDAQ)

Number of Employees:

1988	193	1985	172
1987	N.A.	1984	179
1986	166		

Plant Footage:

1988	38,800 sq. ft.	1985	38,800
1987	N.A.	1984	38,800
1986	38,800		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 16,766,826	$ 397,427
1987	15,325,048	333,056
1986	15,418,680	373,450
1985	12,968,169	336,713
1984	13,092,895	329,624

	No. of Com. Shares	Earn. per Share ‡ #
1988	2,307,282	$ 0.17
1987	2,307,282	0.14
1986	2,307,282	0.16
1985	2,306,782	0.14
1984	2,306,782	0.14

(Loss)
‡ Including extraordinary gain of $62,300 ($0.03 per share) in 1985.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 4,354,956	$ 1.89
1987	3,951,418	1.71
1986	3,572,791	1.55
1985	3,157,099	1.37
1984	2,848,452	1.23

† Adjusted to reflect stock split.

Income Account *

Year ended March 31	1988	1987
Net sales	$ 16,766,826	$ 15,325,048
Cost of sales	9,193,841	8,752,624
Expenses	5,741,602	5,283,584
Research & devel.	983,235	746,706
Interest expense	164,821	228,508
Other income	—	(213,430)
Income before taxes	$ 683,327	$ 527,056
Income taxes	285,900	194,000
Net Income	$ 397,427	$ 333,056

* Included in Costs and Expenses, Depreciation: $211,525 in 1987 and $162,862 in 1986.

Assets

As of March 31	1988	1987
Cash	$ 152,747	$ 298,947
Accts. receiv. net	2,879,665	3,095,325
* Inventories	3,067,978	3,147,132
Prepaid expenses	436,345	573,051
Current Assets	$ 6,536,735	$ 7,114,455
# Fixed assets	1,133,235	923,875
Deferred charges	68,675	79,491
Prepaid taxes	234,025	126,775
Other assets	159,628	114,192
Total Assets	$ 8,132,298	$ 8,358,788

Liabilities

Long-term debt, curr.	$ 92,496	$ 73,112
Accts. payable	943,945	866,766
Accruals	910,126	814,487
Income taxes payable	264,002	263,863
Deferred income taxes	218,913	178,621
Curr. Liabilities	$ 2,429,482	$ 2,196,849
Capital lease oblig.	271,894	230,781
Long-term debt	750,000	1,700,000
Deferred compensation	325,966	279,740
+ Common stock	1,153,641	1,153,641
Add. paid-in capital	835,868	839,298
Translation adjust.	52,006	48,832
Retained earnings	2,435,031	2,037,604
Treasury stock	(121,590)	(127,957)
Total Liabilities & Shareholders' Equity	$ 8,132,298	$ 8,358,788

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.08	2.05
%Net Income to Sales	2.37	2.17
%Net Income to Equity	9.13	8.43
Sales to Inventories	5.47	4.87
Debt to Equity	0.26	0.51
Working Capital	$ 7,107,253	$ 4,917,606
Current Ratio	2.69	3.24
Shareholders' Equity	$ 4,354,956	$ 3,951,418

TransTechnology Corporation

15303 Ventura Boulevard, 12th Floor
Sherman Oaks, California 91403
(818) 990-5920

Officers: Arch C. Scurlock, chairman; Dan McBride, president & chief exec. officer; Paul Grosher, sr. v.p. & treasurer; Ralph E. Hutchins, exec. v.p. & chief oper. officer; Thomas E. Hanrahan, group v.p.; Burl Alison, v.p.; Jeffrey A. Norton, v.p. & secretary; Lee M. Parker, v.p.-investor relations.

Directors: Arch C. Scurlock, chairman; Jefferson W. Asher, Jr., William O'Bowers, III, Frank L. Bryant, John H. Grover, Richard Mascuch, Dan McBride, Richard J. Riordan.

Areas of Work: Develops, manufactures and markets a wide range of technically sophisticated products.

Aerospace-Defense products include cargo restraint and control products -- principally helicopter rescue hoists and external hook systems, winches and hoists for aircraft and other weapon systems, and aircraft and cargo tie-down devices; metallized-glass-fiber products (referred to as chaff) and related devices and systems; high-reliability devices containing solid propellants, high explosives, or pyrotechnic materials; tear gas and related law enforcement products; custom electrical-interconnection systems and their components, including a broad line of high-quality connectors; and weather instruments.

Advanced-Technology products include sophisticated computer-aided design and drafting (CADD) display workstations; bank automation equipment -- advanced reader-sorters and related accessories, check repair equipment, and automated terminals; and remittance-processing equipment.

Industrial products include gear-driven fasteners, tachometers and related equipment, and crane accessories; textile-finishing machinery and related supplies, and elastomer products.

Divisions and Subsidiaries:

Breeze-Eastern
One Financial Center
13th Floor
Boston, Massachusetts 02111
(617) 439-0333

Aerospace-Defense Products
700 Liberty Avenue
Union, New Jersey 07083
(201) 686-4000
Cargo restraint and control products.

Industrial Products
100 Aero-Seal Drive
Saltsburg, Pennsylvania 15681
(412) 639-3527

Gear-driven fasteners, tachometers and related equipment.

Miller Construction Products
Route 313
Doylestown, Pennsylvania 18901-0110
(215) 345-0300

Crane accessories.

TransTechnology Electronics
8823 North Industrial Road
Peoria, Illinois 61615-1584
(309) 693-3300

Custom electrical-interconnection systems and components.

Space Ordnance Systems
25977 Sand Canyon Road
Canyon Country, California 91351
(805) 252-6220

Manufactures devices containing solid propellants, high explosives, or pyrotecnic materials.

Lundy Technical Center
3901 N.E. 12th Avenue
Post Office Box 5280
Pompano Beach, Florida 33064
(305) 943-1500

Produces metallized-glass fiber (chaff) and related products.

Federal Laboratories
1 Tunnelton Road
P.O. Box 305
Saltsburg, Pennsylvania 15681
(412) 639-3511

Produces tear gas and other law enforcement products.

Belfort Instrument
727 South Wolfe Street
Baltimore, Maryland 21231
(301) 342-2626

Manufactures weather instruments.

Belfort West Regional Sales & Service
2620 Concord Avenue, Suite 102
Alhambra, California 91803
(818) 282-4893

Lundy Electronics
1 Robert Lane
Glen Head, New York 11545
(516) 671-9000

Lundy Computer Graphics
1 Robert Lane
Glen Head, New York 11545
(516) 671-9000

Computer-aided design and drafting display workstations.

Lundy Financial Systems
5535 Wilkinson Boulevard
Post Office Box 668
Charlotte, North Carolina 28208
(704) 394-1161

Automated financial systems.

Sidereal
9600 S.W. Barnes Road
Portland, Oregon 97225
(503) 297-5531

Produces message-switching terminals.

Lundy U.K.
Warrior House
12-14 The Hard, Portsmouth
Hampshire PO1 3QU, England
44(705) 828866

International sales and service for Lundy products.

Gessner
41 Fremont Street
P.O. Box 15069
Worcester, Massachusetts 01615-0069
(617) 793-7000

Produces textile-finishing machinery.

Lloyd Manufacturing
130 Franklin Street
P.O. Box 347
Warren, Rhode Island 02885
(401) 245-6600

Elastomer products.

Howard Brothers
42 Southbridge Street
Auburn, Massachusetts 01501
(617) 793-7070

Produces napper wire and card clothing.

Gessner South
Sales and Demonstration Headquarters
4004 G Spring Garden Street
Greensboro, North Carolina 27407
(919) 852-3941

Transfer Agent(s):

Bank of America, N.T. & S.A.
Los Angeles, California

Stock Exchange(s): New York

Ticker Symbol: TT

Number of Employees:

1988	2,620
1987	2,500
1986	2,627

Plant Footage:

1988	1,337,500 sq. ft.
1987	1,292,100
1986	1,327,500

Sales & Earnings

	Revenues	Net Income
1988	$ 209,302,000	$ 11,998,000
1987	212,328,000	10,636,000
1986	113,022,000	6,947,000
1985	112,941,000	8,418,000
1984	108,586,000	8,402,000

	No. of Com. Shares	Earn. per Share ‡
1988	5,286,000	$ 2.27
1987	5,310,144	2.28
1986	4,570,472	1.52
1985	4,542,999	1.75
1984	4,915,418	1.78

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Aerospace-defense prods.	$ 93,947,000	$ 96,066,000
Technology prods.	72,870,000	71,135,000
Industrial prods.	41,080,000	43,248,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.82	—	—
1987	0.68	—	
1986	0.64	—	—
1985	0.56	—	—
1984	0.48	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 87,768,000	$ 17.07
1987	82,832,000	15.60
1986	59,554,000	13.03
1985	55,238,000	12.16
1984	53,996,000	10.99

Income Account *
(000's)

Year ended Mar. 31	1988	1987
Net sales	$ 207,897	$ 210,449
Other income	1,405,000	1,879
Total income	$ 209,302	$ 212,328
Cost of sales	137,993	135,945
Expenses	47,123	50,159
Interest expense	5,242	5,982
Income before taxes	$ 18,944	$ 20,242
Income taxes	7,956	9,606
Cum. effect of acct. change	1,010	—
Net Income	$ 11,998	$ 10,636

* Included in Costs and Expenses, Depreciation and Amortization: $6,657,000 in 1988 and $6,063,000 in 1987.

Assets
(000's)

As of Mar. 31	1988	1987
Cash	$ 7,118	$ 6,328
Accts. receiv., net	60,513	55,258
*Inventories	66,545	56,537
Deferred income taxes	1,239	181
Prepaid expenses	4,524	4,100
Current Assets	$ 139,939	$ 122,404
#Fixed assets	43,380	41,720
Notes receiv.	590	4,272
Intangibles	9,908	10,023
Other assets	7,646	2,131
Total Assets	$ 201,463	$ 180,550

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 3,955	$ 849
Accts. payable	17,715	14,594
Accrued compensation	6,388	5,831
Income taxes	797	6,452
Other current liabilities	9,296	6,687
Curr. Liabilities	$ 38,151	$ 34,413
Long-term debt	71,053	59,543
Deferred inc. taxes	3,633	3,271
Other liabilities	858	491
+Common stock	51	53
Add. paid-in capital	44,909	47,658
Retained earnings	42,808	35,121
Total Liabilities & Shareholders' Equity	$ 201,463	$ 180,550

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	9.11	9.62
%Net Income to Sales	5.77	5.05
%Net Income to Equity	13.67	12.84
Sales to Inventories	3.12	3.72
Debt to Equity	0.85	0.73
Working Capital	$ 101,788,000	$ 87,991,000
Current Ratio	3.67	3.56
Shareholders' Equity	$ 87,768,000	$ 82,832,000

Triad Systems Corporation

3055 Triad Drive
Livermore, California 94550
(415) 449-0606

Triad Systems Corporation

Officers: William W. Stevens, chairman of the board; James R. Porter, president & chief exec. officer; Shane E. Gorman, v.p. & gen. mgr.-Automotive Division; Stephen J. LaCommare, v.p.-manufacturing; Stanley F. Marquis, president-TSC Leasing Corporation & corp. treasurer; Thomas J. O'Malley, v.p.-administration; Ralph C. Montelius, v.p.-customer services; Robert L. West, group v.p. & gen. mgr.-information services; Jerome W. Carlson, v.p.-finance, chief financial officer & corp. secretary; Anthony J. Zuanich, v.p. & gen. mgr.-Retail Hardgoods Division; Joseph F. Shea, gen. mgr.-Dental Division; Bruce M. Blanco, controller.

Directors: William W. Stevens, chairman; Henry M. Gay, James R. Porter, George O. Harmon.

Areas of Work: The corporation designs, manufactures, markets and services small business computer systems. These systems are fully packaged industry-specific for use by employees of small businesses with little or no previous computer experience. The systems are primarily marketed to automotive parts wholesalers, automotive warehouse distributors, retail hardware dealers, independent tire dealers, and dentists.

Divisions:

Retail Hardgoods Division
Automotive Division
Dental Division
Customer Services Division
Information Services Division

Subsidiaries:

TSC Leasing Corporation

Triad Systems Canada, Ltd.
Toronto, Ontario, Canada

TRIDEX Systems, Ltd.
Ealing, London, England

Transfer Agent(s):

Bank of America NT & SA
P.O. 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRSC (NASDAQ)

Number of Employees:

1988	1,378
1987	1,365
1986	1,596
1985	1,450
1984	1,531

Plant Footage:

1988	245,000 sq. ft.
1987	50,000
1986	50,000
1985	50,000

Sales & Earnings

	Net Sales & Serv. Rev.	Net Income ‡
1988	$ 127,410,000	$ 8,315,000
1987	117,268,000	6,427,000
1986	111,676,000	3,181,000
1985	107,278,000	(5,507,000)
1984	120,433,000	4,807,000

	No. of Com. Shares #	Earn. per Share ‡ #
1988	9,619,000	$ 0.93
1987	8,535,000	0.77
1986	7,697,000	0.41
1985	7,440,000	—
1984	7,332,000	0.66

(Loss)
‡ Including extraordinary gain of $509,000 ($0.06 per share) in 1987.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 82,509,000	$ 8.58
1987	74,337,000	8.71
1986	66,208,000	8.60
1985	61,736,000	8.30
1984	66,251,000	9.04

# Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Sept. 30	1988	1987
Net sales & serv. rev.	$ 127,410	$ 117,268
Income from nonconsol. subsid.	3,269	3,125
Total income	$ 130,679	$ 120,393
Cost of sales & serv.	67,393	64,178
Expenses:		
Marketing	32,286	31,653
Prod. develop.	8,149	7,214
Gen. & adm.	9,125	8,470
Interest income	(301)	(367)
Other expense	913	244
Gain from sale of prop.	(297)	(590)
Inc. bef. taxes	$ 13,411	$ 9,591
Income taxes	5,096	3,673
Net Income	$ 8,315	$ 5,918
Extraord. gain	—	509
Net Income & extraord. gain	$ 8,315	$ 6,427

* Included in Costs and Expenses, Depreciation and Amortization: $9,238,000 in 1988 and $8,368,000 in 1987.

Assets
(000's)

As of Sept. 30	1988	1987
Cash & cash equiv.	$ 17,111	$ 15,652
Short-term invest.	24,478	19,164
Accts receiv., net	10,244	7,666
*Inventories	7,545	8,096
Deferred inc. taxes	5,185	6,685
Intercompany adv.	3,976	460
Prepaid expenses	2,074	6,224
Current Assets	$ 70,613	$ 63,947
Service parts	5,931	7,102
#Fixed assets	36,893	26,084
Invests. & adv. to subsid.	36,184	32,915
Other assets	8,893	6,038
Land for resale	23,767	20,038
Total Assets	$ 182,281	$ 156,124

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 807	$ 632
Accts. payable	3,755	8,209
Accrued emp. comp.	8,175	7,184
Other curr. liab.	9,418	6,888
Curr. Liabilities	$ 22,155	$ 22,913
Long-term debt	15,192	544
Assessment district debt	11,330	7,391
Convertible debentures	25,000	25,000
Deferred inc. taxes	26,095	25,939
+Common stock	80	79
Add. paid-in capital	41,123	39,671
Retained earnings	42,423	34,108
Translation adjust.	590	479
Treasury stock	(1,707)	—
Total Liabilities & Shareholders' Equity	$ 182,281	$ 156,124

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.53	8.18
%Net Income to Sales	6.53	5.05
%Net Income to Equity	10.08	7.96
Debt to Equity	0.19	0.02
Working Capital	$ 48,458,000	$ 41,034,000
Current Ratio	3.19	2.79
Shareholders' Equity	$ 82,509,000	$ 74,337,000

Trion, Inc.

P.O. Box 760
101 McNeill Road
Sanford, North Carolina 27331-0760
(919) 775-2201

Officers: Hugh E. Carr, president & chief executive officer; William P. Glaser, senior vice president; Gary H. Cox, v.p.-sales; John M. Grant, v.p.-international & managing director-Trion, Ltd.; Don F. Schreiner, director-quality; Robert L. Strouth, gen. mgr.-Trion Canada, Inc.; Roy G. Stephens, dir. of mfg.; J. Gary Waters, controller; Harold Feder, asst. treas.; Dorothy C. Howell, asst. sec.; Robert H. Petty, director of engineering; Richard L. Palmer, v.p.-operations; Hermann Josef Schaeven, managing director-Trion GmbH.

Directors: Hugh E. Carr, Seddon Goode, Jr., Grant R. Meyers, Robert K. Wagner, James E. Heins, Samuel J. Wornom, III, Edwin V. Clarke, Jr..

Areas of Work: Engaged in the design, manufacture, and distribution of electrostatic precipitating equipment, primarily used in conjunction with central ventilating systems or as self-contained units to remove particulate matter from circulating air.

Division:

Tepco Division
Sanford, North Carolina
Electronic air cleaners.

Subsidiaries:

Trion Ltd.
Brunel Gate
West Portway Industrial Estate
Andover, Hampshire, England

Trion Canada, Inc.
Kitchener, Ontario, Canada

Trion GmbH
Cologne, West Germany

Transfer Agent(s):

First Union National Bank
Charlotte, North Carolina

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRON (NASDAQ)

Number of Employees:

1988 . . . . 476 1986 397
1987 461

Plant Footage:

1988 . . . . 339,000 sq. ft. 1986 311,000
1987 311,000

Sales & Earnings

	Revenues	Net Income
1988	52,174,000	$ 3,603,000
1987	40,621,000	2,747,000
1986	30,113,000	2,163,000
1985	25,995,000	1,381,000
1984	20,802,000	1,550,000

	No. of Com. Shares #	Earn. per Share #
1988	4,117,125	$ 0.88
1987	4,068,102	0.68
1986	4,061,340	0.53
1985	4,041,553	0.34
1984	4,025,824	0.38

# Based on the average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 0.115	—	—
1987	0.097	—	
1986	0.086	—	—
1985	0.078	—	—
1984	0.07	—	—

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 19,077,000	$ 4.61
1987	15,799,000	3.87
1986	13,070,000	3.22
1985	11,167,824 ‡	2.76
1984	9,954,684 ‡	2.47

‡ After allowing for preferred stock at a redemption value of $7 per share.
† Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 51,979,000	$ 40,396,000
Other income	195,000	225,000
Total income	$ 52,174,000	$ 40,621,000
Cost of sales	35,955,000	26,122,000
Expenses	10,642,000	9,578,000
Interest expense	451,000	257,000
Income before taxes	$ 5,126,000	$ 4,664,000
Income taxes	1,889,000	1,917,000
Cum. effect of change in acctg. meth.	(366,000)	—
Net Income	$ 3,603,000	$ 2,747,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,176,000 in 1988 and $1,060,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & cash equivalents	$ 1,091,000	$ 995,000
Accts. receiv., net	13,203,000	11,337,000
*Inventories	13,157,000	8,541,000
Prepaid expenses & other current assets	1,016,000	496,000
Current Assets	$ 28,467,000	$ 21,369,000
#Fixed assets	9,307,000	7,676,000
Total Assets	$ 37,774,000	$ 29,045,000

Liabilities

	1988	1987
Note payable	$ 1,844,000	$ 1,030,000
Long-term debt, curr.	300,000	—
Accts. payable & accruals	7,939,000	4,421,000
Income taxes	571,000	779,000
Curr. Liabilities	$ 10,654,000	$ 6,230,000
Long-term debt	7,232,000	5,775,000
Deferred inc. taxes	811,000	1,241,000
+Common stock	2,071,000	2,039,000
Add. paid-in capital	826,000	673,000
Retained earnings	15,988,000	12,859,000
Currency transl. adjust.	192,000	228,000
Total Liabilities & Shareholders' Equity	$ 37,774,000	$ 29,045,000

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	9.86	11.55
%Net Income to Sales	6.93	6.80
%Net Income to Equity	18.89	17.39
Sales to Inventories	3.95	4.73
Debt to Equity	0.49	0.43
Working Capital	$ 17,813,000	$ 15,139,000
Current Ratio	2.67	3.43
Shareholders' Equity	$ 19,077,000	$ 15,799,000

TRW Inc.

1900 Richmond Road
Cleveland, Ohio 44124
(216) 383-2121

Officers: Joseph T. Gorman, chairman, president & chief executive officer; J. R. Burnett, exec. v.p. & deputy gen. mgr.-Space and Defense; Edsel D. Dunford, exec. v.p.-Space and Defense; Charles L. Miller, exec. v.p.-occupant restraint systems; Jerry K. Myers, exec. v.p.-automotive; Richard D. C. Whilden, exec. v.p.-information systems; Stephen E. Frank, exec. v.p. & chief financial officer; William G. Evans, group v.p.-engine components; Edwin A. Goldberg, group v.p.-electronic systems; Daniel S. Goldin, group v.p.-space and technology; Donald L. Jacobs, group v.p.-defense systems; Chester O. Macey, group v.p.-steering systems; Adolf Mueller, group v.p.-controls & fasteners; Edward E. Noneman, group v.p.-operations & support; Robert D. Williams, group v.p.-federal systems; Edward N. Button, v.p.-investments; Martin A. Coyle, v.p., general counsel & secretary; John S. Foster, Jr., v.p.-science & technology; Howard V. Knicely, v.p.-human relations; D. Van Skilling, v.p.-planning & development; Edward J. Toth, v.p. & controller.

Directors: Ruben F. Mettler, Robin W. Adam, Charles T. Duncan, Martin Feldstein, Clifton C. Garvin, Jr., W. H. Krome George, Joseph T. Gorman, E. Bradley Jones, William F. Kieschnick, William S. Kiser, Jack S. Parker, P. Roy Vagelos, John S. Foster, Jr..

Areas of Work:

Automotive

A range of steering, engine, safety, hydraulic, chassis, electrical, electronic, and other parts for passenger cars, trucks, buses, farm machinery and off-highway vehicles, sold to original equipment manufacturers and a variety of replacement parts distributors.

Products include manual and power rack and pinion steering gears, occupant safety systems, engine valves, hydraulic motors, hydraulic truck and off-highway vehicle steering systems, suspension systems, electronic monitoring and control systems, electromechanical assemblies, stud welding systems, and a service line of cars and trucks accessories, tools and car care products.

Space & Defense

Computer-based and analytical services, including software systems and analytical services for space and defense; and rapid prototyping software systems that allow customers to determine through computer modeling whether a software system will meet their needs before it is designed.

Electronic systems, equipment, and services for defense and space applications, related research and analysis, and software and support services.

Spacecraft, including the design and manufacture of spacecraft equipment, propulsion subsystems, electro-optical and instrument systems, spacecraft payloads, high-energy lasers and laser technology and other high-reliability components.

Information systems and services, including computer-based consumer and commercial credit information and real estate credit information.

Other

Solids control equipment and services sold primarily for use in oil and gas drilling, on-site environmental waste reduction and clean-up services, and coal combustion systems. Products and services are distributed directly to end users and, to a lesser extent, through independent distributors.

Space & Defense

TRW Defense Systems Group
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Balistic Missiles Division
P.O. Box 1310
San Bernardino, California 92402-1310
(213) 535-4321

ESL Incorporated
495 Java Drive
Sunnyvale, California 94086
(408) 738-2888

Sunnyvale Laboratory
1180 Kern Avenue
Sunnyvale, California 94086
(408) 245-5040

System Development Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

System Development Division
7600 Colshire Drive
McLean, Virginia 22102
(703) 734-6000

Systems Engineering & Development Division
One Space Park
Redondo Beach, California 90278
(213) 217-3003

TRW Electronic Systems Group
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Military Electronics & Avionics Division
One Rancho Carmel
San Diego, California 92128
(619) 592-3000

Milstar Payload Program
One Space Park
Redondo Beach, California 90278-1001
(213) 536-8400

Space Communications Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Federal Systems Group
12900 Fair Lakes Parkway
Fairfax, Virginia 22033
(703) 968-1000

Command Support Division
12900 Fair Lakes Parkway
Fairfax, Virginia 22033
(703) 968-1700

Systems Division
2750 Prosperity Avenue
Fairfax, Virginia 22031
(703) 876-8200

Manufacturing Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

TRW Electronic Products Inc.
3650 North Nevada Avenue
Colorado Springs, Colorado 80907
(303) 475-0660

TRW Electronic Products Inc.
1050 Southwood Drive
San Luis Obispo, California 93401
(805) 544-2786

TRW Space & Technology Group
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Applied Technology Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Capistrano Test Site
P.O. Box m10
San Clemente, California 92672
(714) 492-4157

TRW Pressure Systems Inc.
P.O. Box 6999
Los Angeles, California 90022
(213) 685-4520

Defense Projects Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Engineering & Test Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Federal Systems Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Military Space Systems Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

TRW Components International Inc.
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Goddard Space Flight Center
P.O. Box 385
Greenbelt, Maryland 20770

Houston Systems Services
1110 NASA Road 1
P.O. Box 58327
Houston, Texas 77058-7725
(713) 333-3133

Ogden Engineering Operations
1104 Country Hills Drive
Ogden, Utah 84403
(801) 625-8000

TRW Systems Overseas Inc.
12 Avenue Franklin Roosevelt
1050 Brussels, Belgium
2.640.0585

Vandenberg Test Facility
P.O. Box 5279
Vandenberg AFB, California 93437
(805) 866-7528

Other

Brandt Solids Control Division
P.O. Box 22368
3100 Weslayan, Suite 400
Houston, Texas 77227

A complete line of solids control equipment for the petroleum drilling industry. Applications include the cleaning of drilling fluids and gas separation for both on shore and offshore use.

Information Systems

TRW Information Systems
200 Oceangate, Suite 1200
Long Beach, California 90802
(213) 590-7500

Provides consumer and commercial credit reporting services on a nationwide basis to credit-granting organizations. Markets a broad range of information services to the real estate and financial industries.

Real Estate Information Division
200 Oceangate, Suite 1200
Long Beach, California 90802
(213) 590-7500

Computerized on-line access to title, tax, and real property information to title companies and lending institutions.

Automotive

TRW Automotive Group
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

TRW Steering Components Group
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

Steering & Suspension Division
34201 Van Dyke Avenue
Sterling Heights, Michigan 48077
(313) 977-1000

Steering linkage, suspension ball joints and assemblies, manual and power rack and pinion steering gears.

TRW Engine & General Components Group
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

Valve Division
1455 East 185th Street
Cleveland, Ohio 44110
(216) 383-2121

Engine valves, valve seat inserts, valve retainers, valve retainer locks, valve rotating mechanisms, and forged pistons.

TRW Controls & Fasteners Group
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

TRW Automotive Aftermarket Division
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

Transfer Agent(s):

TRW Inc.
Cleveland, Ohio

Morgan Shareholder Services Trust Company
New York, New York

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia, London, Frankfurt.

Ticker Symbol: TRW

Number of Employees:

1988	73,200
1987	77,931
1986	78,556
1985	93,186
1984	93,524

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 6,982,000	$ 261,000
1987	6,821,000	243,000
1986	6,036,000	217,700
1985	5,917,000	(7,088)
1984	5,369,000	266,842

	No. of Com. Shares †	Earn. per Share #
1988	60,200,000	$ 4.29
1987	59,700,000	4.01
1986	58,900,000	3.62
1985	58,100,000	—
1983	72,700,000	2.77

(Loss)
+ Of continuing operations only.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Space & defense	$ 3,181,000	$ 3,106,000
Automotive	3,069,000	2,719,000
Information systems	539,000	521,000
Other	193,000	475,000
Total	$ 6,982,000	$ 6,821,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 1.63	—	—
1987	1.60	—	
1986	1.525	—	—
1985	1.50	—	—
1984	1.425	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity † (000's)	Equity Per Share +
1988	$ 1,548,000	$ 25.70
1987	1,397,000	23.41
1986	1,173,900	19.93
1985	985,915	16.98
1984	1,721,871	23.39

† After allowing for serial preference stock II at aggregate involuntary liquidation price.
+ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 6,982,000	$ 6,821,000
Cost of sales	5,565,000	5,290,000
Expenses	1,005,000	1,020,000
Interest expense	130,000	126,000
Other income	(138,000)	(30,000)
Income before taxes	$ 420,000	$ 415,000

Income taxes	159,000	172,000
Net Income	$ 261,000	$ 243,000

* Included in Costs and Expenses, Depreciation and Amortization: $349,000,000 in 1988 and $322,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & market. secur.	$ 127,000	$ 145,000
Accts. receiv., net	1,286,000	1,233,000
*Inventories	419,000	487,000
Prepaid expenses	60,000	50,000
Deferred inc. taxes	213,000	71,000
Current assets	$ 2,105,000	$ 1,986,000
#Fixed assets	1,793,000	1,800,000
Other assets	243,000	268,000
Intangibles	301,000	324,000
Total Assets	$ 4,442,000	$ 4,378,000

Liabilities
(000's)

Short-term debt	$ 96,000	$ 269,000
Long-term debt, curr.	24,000	37,000
Accts. payable	461,000	411,000
Accrued compensation	281,000	311,000
Other accruals	443,000	420,000
Dividends payable	29,000	24,000
Income taxes	62,000	24,000
Curr. Liabilities	$ 1,396,000	$ 1,496,000
Long-term liab.	173,000	120,000
Long-term debt	863,000	870,000
Minority interest	18,000	11,000
Deferred inc. taxes	426,000	464,000
+Serial preference stock II	1,000	1,000
++Common stock	38,000	37,000
Add. paid-in capital	191,000	190,000
Retained earnings	1,358,000	1,201,000
Cumulative trans. adjust.	34,000	58,000
Treasury stock	(56,000)	(70,000)
Total Liabilities & Shareholders' Equity	$ 4,442,000	$ 4,378,000

* At lower of cost or market. One half of domestic inventories at LIFO, all other inventories at FIFO.
# Less accumulated depreciation.
+ $2.75 stated value.
++ $0.625 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.02	6.08
%Net Income to Sales	3.74	3.56
%Net Income to Equity	16.67	17.15
Sales to Inventories	16.66	14.01
Debt to Equity	0.63	0.83
Working Capital	$ 709,000,000	$ 490,000,000
Current Ratio	1.51	1.33
Shareholders' Equity	$ 1,566,000,000	$ 1,417,000,000

Tyco Laboratories, Inc.

One Tyco Park
Exeter, New Hampshire 03833
(603) 778-7331

Officers: John F. Fort, chairman of the board, president & chief exec. officer; Joshua M. Berman, secretary; Irving Gutin, v.p.; Richard D. Power, v.p.-finance & chief financial officer; John C. Armacost, v.p.; Richard L. Dunn, treasurer.

Directors: John F. Fort, Joshua M. Berman, Philip M. Hampton, Robert A.G. Monks, Stephen W. Foss, Richard B. Nichols, W. C. Westmoreland, L. Dennis Koslowski.

Areas of Work: Manufactures fire protection systems; a wide range of fittings, pipe, valves, hangers, electrical conduit, electrical components, and other industrial products; precision multi-layer printed circuit boards for computers and telecommunications; press fit backplane board and connectors; underwater communications and power cable; vacuum metalized plastic films; polyethylene film and plastic products; deep-drawn metal parts for writing instruments.

Divisions and Subsidiaries:

Fire Protection & Safety

Grinnell Corporation
Exeter, New Hampshire

Electronic & Electrical Components Group

Atlantic Coast Electronics Division
2681 Northeast 4th Avenue
Pompano Beach, Florida 33064
(305) 943-7300

Atlantic Backplane Company
Fort Lauderdale, Florida

Tyco Backplane Company
Stafford, Connecticut

Tyco Engineered Systems, Inc.
Manchester, Connecticut

Tyco Printed Circuit Group
Stafford, Connecticut

North American Printed Circuit Division
Stafford, Connecticut

Simplex Wire and Cable Company
P.O. Box 479
Portsmouth, New Hampshire
(603) 436-6100

Piedmont Circuits Division
P.O. Box 905
Creedmoor, North Carolina 27522
(919) 528-2525

Packaging & Consumer Materials

Armin Corporation
301 West Side Avenue
Jersey City, New Jersey 07305
(201) 432-8032

Ludlow Corporation
Exeter, New Hampshire

Acquisition:

Atcor, Inc.
Manufactures and distributes electrical conduit, pipe, fire protection products, and other electrical components.

Transfer Agent(s):

Mellon Bank, N.A.
Mellon Square
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): New York

Ticker Symbol: TYC

Number of Employees:

1987	10,600	1984	7,141
1986	10,000	1983	7,135
1985	7,000		

Plant Footage:

1987	7,239,000 sq. ft.	1984	4,048,000
1986	8,023,000	1983	3,794,000
1985	3,643,000		

Sales & Earnings

	Net Sales ‡	Net Income †
1987	$ 1,061,788,000	$ 26,802,000
1986	741,171,000	37,500,000
1985	621,854,000	35,105,000
1984	589,886,000	30,095,000
1983	517,036,000	21,475,000

	No. of Com. Shares +	Earn. per Share # †
1987	$ 18,235,894	$ 1.50
1986	18,255,394	2.17
1985	19,240,794	1.87
1984	20,494,622	1.61
1983	18,120,816	1.24

‡ Of continuing operations only.
† Including extraordinary gain of $2,284,000 (0.14 per share) in 1986.
+ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Fire protection & safety	$ 696,741,000	$ 380,694,000
Electronics & electrical	131,452,000	131,324,000
Pkging. materials	233,595,000	229,153,000
Total	$ 1,061,788,000	$ 741,171,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	
1985	0.3875	—	—
1984	0.35	—	—
1983	0.35	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 235,399,000	$ 12.91
1986	210,303,000	11.52
1985	192,540,000	10.01
1984	184,583,000	9.01
1983	156,672,000	8.65

+ Adjusted to reflect stock split.

Income Account *

Year ended May 31	1987	1986
Net sales	$ 1,061,788,000	$ 741,171,000
Other income	1,122,000	7,978,000
Total income	$ 1,062,910,000	$ 749,149,000
Cost of sales	825,254,000	575,168,000
Expenses	149,624,000	102,066,000
Interest expense	11,269,000	5,737,000
Income before taxes	$ 76,763,000	$ 66,178,000
Income taxes	32,666,000	29,561,000
Inc.-cont. oper.	$ 44,097,000	$ 36,617,000
Loss-discont. oper.	(17,295,000)	(1,401,000)
Net Income	$ 26,802,000	$ 35,216,000
Extraord. gain	—	2,284,000
Net Income & Extraord. gain	$ 26,802,000	$ 37,500,000

* Included in Costs and Expenses, Depreciation and Amortization: $29,003,000 in 1987 and $21,197,000 in 1986.

Tyco Laboratories, Inc.

Assets

As of May 31	1987	1986
Cash & short-term invest.	$ 3,653,000	$ 1,223,000
Receiv., net	183,547,000	175,255,000
Insurance claim receiv.	5,289,000	8,363,000
Contracts in process	15,285,000	14,353,000
*Inventories	177,616,000	184,153,000
Prepaid expenses	13,255,000	4,188,000
Current Assets	$ 398,645,000	$ 387,535,000
#Fixed assets	173,950,000	185,286,000
Intangibles	13,326,000	8,601,000
Other assets	8,274,000	10,486,000
Total Assets	$ 594,195,000	$ 591,908,000

Liabilities

Loans payable	$ 15,038,000	$ 2,251,000
Accts. payable	74,740,000	63,365,000
Accruals	71,455,000	71,217,000
Contracts in process	10,204,000	5,624,000
Income taxes	7,642,000	10,571,000
Deferred income taxes	21,575,000	9,943,000
Other liab.	3,869,000	3,826,000
Curr. Liabilities	$ 204,523,000	$ 166,797,000
Long-term debt:		
Loans payable	—	33,930,000
Deferred earn-out liability	125,000	125,000,000
Industrial rev. bonds	13,364,000	25,072,000
Deferred inc. taxes	15,909,000	30,806,000
+Common stock	9,118,000	9,128,000
Add. paid-in capital	11,058,000	5,454,000
Retained earnings	215,223,000	195,721,000
Total Liabilities & Shareholders' Equity	$ 594,195,000	$ 591,908,000

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Net Income to Equity	11.39	16.75
Sales to Inventories	5.98	4.02
Debt to Equity	0.12	0.89
Working Capital	$ 194,122,000	$ 220,738,000
Current Ratio	1.95	2.32
Shareholders' Equity	$ 235,399,000	$ 210,303,000

Tylan Corporation

359 Van Ness Way
Torrance, California 90501
(213) 212-5533

Officers: Edward F. Phillippi, Jr., chairman; Kenneth C. Cleveland, president & chief exec. officer; Klaus K. Schuegraf, v.p. & director of technology; John L. Olson, v.p.-finance, chief financial officer & secretary; Terry S. Mercer, v.p. & gen. mgr.-Flow Products Division.

Directors: William E. Standring, Jr., Roy J. Brown, Edward F. Phillippi, Jr., John D. Hussey, Richard A. Campbell, William F. Kieschnick, Kenneth C. Cleveland.

Business Activities: Designs, develops, manufactures and markets components and systems used to precisely measure and control gas flow. Products include gas flowmeters, gas flow controllers, gas systems and related equipment used to processing silicon wafers and for other industrial gas control applications.

Subsidiaries:

Tylan GmbH
Etching, West Germany

Tylan S.A.R.L.
Lyon, France

Tylan, U.K. Ltd.
Swindon, United Kingdom

Transfer Agent(s):

Bank of America NT & SA
Corporate Agency Services Center
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TYLN (NASDAQ)

Number of Employees:

1988	186	1986	250
1987	202	1985	280

N.A. - Not Available.

Plant Footage:

1988	27,000 sq. ft.	1986	117,000
1987	27,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 24,830,000	$ 3,163,000
1987	23,256,000	(8,173,000)
1986	28,405,000	(9,458,000)
1985	33,185,000	2,224,000
1984	23,780,000	1,150,000

	No. of Com. Shares ‡	Earn per Share ‡
1988	2,055,000	$ 1.54
1987	2,053,000	—
1986	2,049,000	—
1985	2,053,000	1.08
1984	2,053,000	0.56

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 1,486,000	$ 0.72
1987	273,000	0.13
1986	7,638,000	3.73
1985	15,269,000	7.44
1984	12,987,000	6.33

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 24,830,000	$ 23,256,000
Cost of sales	15,342,000	15,115,000
Expenses	8,310,000	8,948,000
Interest expense	1,021,000	1,067,000
Other income	(334,000)	(684,000)
Non-recurring item	677,000	5,650,000
Gain on sale of division	(911,000)	(525,000)
Gain on sale of invest. in joint venture	(2,281,000)	—
Inc. (loss) bef. taxes	$ 3,006,000	$ (6,315,000)
Income taxes	319,000	355,000
Eq. in loss (inc.) of joint venture	(476,000)	1,503,000
Net Income (Loss)	$ 3,163,000	$ (8,173,000)

* Included in Costs and Expenses, Depreciation: $785,000 in 1988 and $3,373,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 651,000	$ 966,000
Accts. receiv., net	5,354,000	3,951,000
*Inventories	3,783,000	4,838,000
Prepaid expenses	466,000	524,000
Current Assets	$ 10,254,000	$ 10,279,000
#Fixed assets	2,486,000	2,712,000
Invest. in joint venture	—	2,969,000
Other assets	—	377,000
Total Assets	$ 12,740,000	$ 16,337,000

Liabilities

Short-term debt	$ 1,296,000	$ 8,278,000
Long-term debt, curr.	2,039,000	945,000
Accts. payable	2,311,000	1,390,000
Accruals	2,450,000	3,660,000
Income taxes	284,000	244,000
Curr. Liabilities	$ 8,380,000	$ 14,517,000
Long-term debt	2,874,000	1,547,000
+Common stock	4,059,000	4,059,000
Retained earnings (deficit)	(2,853,000)	(6,016,000)
Curr. trans. adj.	280,000	2,230,000
Total Liabilities & Shareholders' Equity	$ 12,740,000	$ 16,337,000

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	12.11	—
%Net Income to Sales	12.74	—
Sales to Inventories	6.56	4.81
Debt to Equity	4.18	—
Working Capital	$ 1,874,000	—
Current Ratio	1.22	—
Shareholders' Equity	$ 1,486,000	$ 273,000

UNC Incorporated

175 Admiral Cochrane Drive
Annapolis, Maryland 21401-7394
(301) 266-7333

Officers: Walter S. Holmes, Jr., chairman of the board; Dan A. Colussy, president & chief executive officer; Vernon E. Hux, group v.p.-aerospace; Nicholas C. Kaufman, group v.p.-technology; Marc R. Jartman, v.p.-government affairs & marketing; Richard H. Lange, v.p., general counsel & secretary; Paul X. McLain, v.p.-financial controls; Robert L. Pevenstein, v.p.-finance & chief financial officer; Bruce R. Robinson, v.p.-corp. development; Gregory M. Bubb, treasurer.

Directors: Walter S. Holmes, Jr., chairman; Frederick Aley Allan, D. Allan Bromley, John K. Castle, Dan A. Colussy, H. Justin Davidson, William C. Hittinger, James L. Holloway, III, Jack Moseley.

Areas of Work: Operates through two business segments: Aerospace/Aviation provides precision fabrication of jet engine and aircraft components, turbine engine overhaul services for business and military aircraft and commuter and regional airlines. The Technology segment includes the production and fabrication of power units used for naval submarines, provides pilot training for the U/S. Arned Services and line maintenance and operational support for military training aircraft, and engineering, reclamation and remedial action services.

Divisions and Subsidiaries:

Aerospace/Aviation

Norwich Division
Norwich, Connecticut
(203) 823-6500

Tri-Industries, Inc.
Terre Haute, Indiana
(812) 234-1591

Alloy Spot Welders
West Los Angeles, California
(213) 272-0297

Component Repair Division
Terre Haute, Indiana
(812) 234-1591

Airwork Corporation
Millville, New Jersey
(609) 825-6000

Pacific Airmotive Corporation
Burbank, California
(818) 842-5171

Aircraft Turbine Service
Bayshore, New York
(516) 242-4330

Technology:

UNC Support Services

UNC Analytical Services
Albuquerque, New Mexico
(505) 883-6901

UNC Naval Products
Uncasville, Connecticut
(203) 848-1511

UNC Geotech
Grand Junction, Colorado
(303) 242-8621

UNC Reclamation
Mulberry, Florida
(813) 428-1457

UNC Remediation
Grand Junction, Colorado
(303) 243-8970
k

Tranfer Agent(s):

Manufactures Hanover Trust Co.
Securities Holder Relations Dept.
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York, Midwest, Pacific, London

Ticker Symbol: UNC

Number of Employees:

1988 3,768
1987 4,260
1986 6,295
1985 6,175
1984 4,300

Plant Footage:

1988 . . . . . . 1,082,656 sq. ft.
1987 1,073,270
1986 950,070

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 400,444,000	$ 23,850,000
1987	355,630,000	18,077,000
1986	253,757,000	17,889,000
1985	133,717,000	17,698,000
1984	130,184,000	(122,238,000)

	No. of Com. Shares ‡	Earn per Share ‡ †
1988	16,822,000	$ 1.42
1987	16,132,000	1.12
1986	17,545,000	1.02
1985	21,926,000	0.81
1984	17,638,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $7,203,000 ($0.44 per share) in 1987, $7,375,000 ($0.42 per share) in 1986 and $8,428,000 ($0.38 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Aerospace/Aviation	$ 223,220,000	$ 175,672,000
Technology	177,224,000	179,958,000
Total	$ 400,444,000	$ 355,630,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 134,059,000	$ 7.97
1987	108,078,000	6.70
1986	97,675,000	5.57
1985	154,433,000	7.04
1984	137,325,000	7.79

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*
(000's)

Year ended Dec. 31	1988	1987
Net sales & oper. revenues	$ 400,444	$ 355,630
Cost of sales	324,303	291,413
Expenses	51,374	46,133
Interest expense	16,460	10,332
Interest income	(688)	(685)
Other expense	385	264
Income before taxes	$ 8,610	$ 8,173
Income taxes	896	3,232
Income from cont. oper.	$ 7,714	$ 4,941
Income from discont. oper.	12,221	5,933
Net Income	$ 19,935	$ 10,874
Extraord. gain	—	7,203
Cum. effect of acct. change	3,915	—
Net Income & extraord. gain	$ 23,850	$ 18,077

* Included in Costs and Expenses, Depreciation and Amortization: $21,147,000 in 1988 and $16,602,000 in 1987.

Assets
(000's)

As of Dec.	1988	1987
Cash & short-term invest.	$ 7,536	$ 17,511
Accts. receiv., net	75,535	100,729
Unbilled costs on contracts	42,867	34,233
*Inventories	67,089	54,916
Other curr. assets	6,916	9,475
Current Assets	$ 199,943	$ 216,864
Net assets of discont. oper.	10,560	11,365
#Fixed assets	103,563	145,723
Costs in exc. of assets acq.	79,698	44,621
Other assets	14,223	21,827
Total Assets	$ 407,987	$ 440,400

Liabilities
(000's)

Short-term debt	$ 4,000	$ —
Long-term debt, curr.	1,028	721
Accts. payable	27,307	57,725
Accruals & other curr. liab.	44,389	47,038
Income taxes	1,337	1,071
Curr. Liabilities	$ 78,061	$ 106,555
Long-term debt	158,103	175,890
Minority interest	—	855
Deferred inc. taxes	2,275	6,367
Other liabilities	35,489	42,655
+Common stock	3,520	3,498
Add. paid-in capital	123,178	123,274
Retained earnings (deficit)	16,111	(7,739)
Treasury stock	(8,750)	(10,955)
Total Liabilities & Shareholders' Equity	$ 407,987	$ 440,400

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Net Income to Equity	14.87	10.06
Sales to Inventories	5.97	6.48
Debt to Equity	1.22	1.63
Working Capital	$ 121,882,000	$ 110,309,000
Current Ratio	2.56	2.04
Shareholders' Equity	$ 134,059,000	$ 108,078,000

The Union Corporation

50 Washington Street
South Norwalk, Connecticut 06854
(203) 866-1099

Officers: Melvin L. Cooper, chairman & chief exec. officer; Robert H. Sabel, vice chairman; Michael Strauss, exec. v.p.; Charles E. Atwood, II, v.p.-finance, treasurer & secretary.

Directors: Melvin L. Cooper, chairman; Robert H. Sabel, Michael Strauss, John E. Angle, Robert Kerr, Stuart J. Northrop.

Divisions and Subsidiaries:

Gichner Systems Group
P.O. Box B, East Locust Street
Dallastown, Pennsylvania 17313

Gichner Shelter Systems
Manufactures transportable shelters for electronic, communications and other equipment used in military and commercial applications.

Garlet Manufacturing Company
Produces wheel sets used in the transport of shelters primarily for the military; steel rolling doors and other steel fabrications primarily for commercial markets.

Optima Enclosures
Manufactures metal cabinets and housings for electronic equipment used in commercial and industrial applications.

Transworld Systems, Inc.
Financial service companies.
Capital Credit Corporation

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: UCO

Number of Employees:

1987 1,650
1986 1,800

The Union Corporation

Plant Footage:

1987 .... 661,000 sq. ft. 1986 661,000

Sales & Earnings

	Net Sales +	Net Income †
1987	$ 117,633,000	$ (608,000)
1986	99,947,000	7,239,000
1985	61,714,000	(23,451,000)
1984	62,274,000	(5,713,000)
1983	66,629,000	(2,975,000)

	No. of Com. Shares ‡	Earn. per Share † ‡
1987	7,587,000	$ —
1986	7,445,000	0.96
1985	6,996,000	—
1984	6,849,000	—
1983	N.A.	—

(Loss)

N.A. - Not Available.

+ Of continuing operations only.

† Including extraordinary gains of $122,000 in 1987, $3,367,000 ($0.45 per share) in 1986, $275,000 in 1984 and $528,000 in 1983.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues by Line of Business
(000's)

	1987	1986
Financial services	$ 47,340	$ 40,809
Equipment manufacturing	70,293	59,138
Total	$ 117,633	$ 99,947

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	
1985	—	—	—
1984	—	7 1/2%	—

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1987	$ 35,921,000	$ 4.73
1986	36,073,000	4.85
1985	28,074,000	4.01
1984	51,382,000	7.50
1983	54,714,000	—

† After allowing for preferred stock at redemption value of $90 per share.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account
(000's)

Year ended June 30	1987	1986
Net sales	$ 70,293	$ 59,138
Oper. revenues	47,340	40,809
Total income	$ 117,633	$ 99,947
Cost of sales	54,661	44,588
Expenses	49,396	41,865
Depreciation & amortization	2,947	2,585
Interest expense	6,065	6,422
Interest income	(535)	(860)
Income bef. taxes	$ 5,099	$ 5,347
Income taxes	3,103	2,802
Inc. - cont. oper.	$ 1,996	$ 2,545
Inc. (loss) - discont. oper.	(2,726)	1,327
Net Income (Loss)	$ (730)	$ 3,872
Extraord. gain	122	3,367
Net Income (Loss) & extraord. gain	$ (608)	$ 7,239

Assets
(000's)

As of June 30	1987	1986
Cash	$ 6,401	$ 4,210
Short-term invest.	10,138	6,085
Accts. receiv., net	13,997	11,955
*Inventories	11,006	9,929
Prepaid expenses	4,545	3,324
Net assets - discont. oper.	—	7,461
Current Assets	$ 46,087	$ 42,964
#Fixed assets	18,045	16,176
Other assets & deferred charges	2,946	5,608
Intangibles	27,955	28,167
Net assets - discont. oper.	946	3,133
Total Assets	$ 95,979	$ 96,048

Liabilities
(000's)

	1987	1986
Long-term debt, curr.	$ 2,630	$ 1,767
Accts. payable	6,223	5,463
Accruals	11,105	9,673
Income taxes	418	96
Net liab. - discont. oper.	422	—
Curr. Liabilities	$ 20,798	$ 17,799
Long-term debt	34,794	37,219
Deferred liabilities	2,587	2,717
+ Redeemable pref. stock-Series D	—	47
+ Preferred stock-Series B & C	1,879	2,193
++ Common stock	3,637	3,605
Add. paid-in capital	34,682	34,157
Retained earnings (deficit)	(2,398)	(1,689)
Total Liabilities & Shareholders' Equity	$ 95,979	$ 96,048

* At lower of cost (FIFO) or market.

# Less accumulated depreciation.

+ No par value; cumulative convertible. Dividends: Series D, $6.50; Series B, $4.50; Series C, $5.00.

++ $0.50 par value.

Statistical Summary

%Net Income to Equity	—	10.12
Debt to Equity	0.99	1.02
Working Capital	$ 25,289,000	$ 25,165,000
Current Ratio	2.22	2.41
Shareholders' Equity	$ 37,800,000	$ 38,266,000

Unisys Corporation

Township Line and Union Meeting Roads
P.O. Box 500
Blue Bell, Pennsylvania 19424-0001
(215) 542-4011

Officers: W. Michael Blumenthal, chairman of the board & chief exec. officer; James A. Unruh, exec. v.p.; Paul C. Ely, Jr., exec. v.p.; Frederick F. Jenny, sr. v.p.; Richard H. Bierly, v.p.; Hollis L. Caswell, sr. v.p.; Edward Botwinick, sr. v.p.; Curtis A. Hessler, exec. v.p.; Jack A. Blaine, v.p.; Fred R. Meier, v.p.; Jeanette P. Lerman, v.p.; Jack F. Thompson, v.p.; Stefan C. Riesenfeld, v.p.; Leroy W. Beers, v.p.; Cyril J. Yansouni, v.p.; Martin A. Belsky, v.p.; Richard B. Williams, v.p.; John J. Holton, v.p.; Reto Braun, v.p.; George R. Gazerwitz, v.p.; Gary Alexander, v.p.; Vincent M. Donovan, v.p.; G. Graham Murphy, v.p.; Dewaine C. Osman, v.p.; Vincent Puritano, v.p.; Orville G. Greene, v.p.; Jack F. McHale, v.p.; William L. Morgan, v.p.; Albert F. Zettlemoyer, v.p.; Joseph M. Tucci, v.p.; Kenneth L. Miller, v.p. & secretary; George T. Robson, v.p. & controller; Leon J. Level, v.p. & treasurer; Andrew D. Hendry, v.p. & general counsel; I. Charles Beauchamp, general auditor; Bobette Jones, asst. secretary; Ronald C. Anderson, asst. secretary; Jack R. Silverberg, asst. treasurer; Richard A. Albright, asst. treasurer; Robert S. Manturuk, asst. treasurer; Peter S. Noll, asst. treasurer.

Directors: W. Michael Blumenthal, chairman of the board; Charles F. Barber, William G. Milliken, Alan E. Schwartz, Arthur R. Seder, Jr., Harold T. Shapiro, Robert M. Surdam, Alice M. Rivlin, William E. LaMothe, Donald V. Seibert, Melvin R. Goodes, Richard R. Shinn, James A. Unruh, Paul C. Ely, Jr., Curtis A. Hessler.

Areas of Work: Engaged in designing, engineering, manufacturing, marketing and supporting electronics-based information systems, including commercial information systems and defense and other systems for government customers, and related equipment and services, including software. Principal products and services include processors and peripherals; entry systems and workstations; software and related services; custom products and services; and equipment maintenance services. Included with processors and peripherals are a complete line of small, medium and large mainframes and related communication processors and peripheral products, such as printers, storage devices and document handling equipment. Entry systems and workstations include departmental systems, intelligent workstations, UNIX equipment, terminals and personal computers. Software and related services consist of application and systems software, along with related professional services. Custom products and services include specialized information processing systems and services marketed mainly to government defense agencies.

Subsidiaries:

Burroughs International Company
Wilmington, Delaware

Compania Burroughs de Maquinas, S.A.
Ingeniero Heurgo 965
Buenos Aires, Argentina

Burroughs Datenverarbeitung Gesellshaft m.b.H.
Moering Gasse 10
A-1151 Vienna, Austria

Burroughs Machines Limited
Heathrow House, Bath Road
Hounslow, Cranford
Middlesex, England

Burroughs Machines (Hong Kong) Ltd.
B300, Black 'B', Watson's Estate
Watson Road
North Point, Hong Kong

Burroughs A/S
P.O. Box 40-Bestun
Oslo 2, Norway

TATA Burroughs Ltd.
Manish Commercial Centre-5th Floor
Dr. Anni E. Seasant Rd.
Worli, Bombay 400-025, India

Burroughs Machines, Limited
P.O Box 3996
Johannesburg, Transvaal, South Africa

Burroughs International S.A.
18, Rue St. Pierre
1700 Fribourg,, Switzerland

BMRX Holding (Denmark) A/S
BMX Holdings Limited (95% owned)
BMX Incorporated
BMX Information Systems (UK) Limited

Brazilian Equity, Inc.
Burmex Holding Sweden Aktiebolag (70% owned)
Burroughs Aktiegolag
Burroughs Cyberware Canada Inc.
Burroughs Cyberware Inc. (50% owned)
Burroughs-Cyberware Pte. Ltd.
Burroughs de Venezuela C.A.
Burroughs International Finance N.V.
Burroughs International Government Sales, Inc.
Burroughs International Procurement Co., Inc.
Borroughs International Trading Company
Burroughs-Memorex S.p.A.
Burroughs Mexican Manufacturing, Inc.
Burroughs Overseas Sales Company Limited
Burroughs Systems Incorporated
Burroughs Transport Corporation
C3 Pty. Limited (Australin) (49% interest)
Compania Burroughs de Venezuela, Inc.
Compubur, S.A. de C.V. (Mexico)
Foundation Computer Systems, Inc.
Future Systems Limited (New Zealand)
Graphics Technology Disc, Inc.
Harrison Credit Group, Inc. (50% interest)
HCG Services, Inc.
Inplex Corporation
Integration Installation International, Inc.
Japan Softec Co., Ltd. (Japan) (50% interest)
Joseph & Cogan Associates, Inc.
Marine Systems S.p.A. (Italy)
MEM-MEX S.A. de C.V. (Mexico)
MIFCO B.V. (Netherlands)
Nippon Univac Kaisha, Ltd. (Japan) (33% interest)
Oki Univac Kaisha, Ltd. (Japan) (48% interest)
OY Unisys AB (Finland)
Paramax Electronics Inc. (Canada)
Plasma Graphics Corporation (80% owned)
Ramac Services Corporation
Remdex, S.p.A. (Italy)
SDC (1981) Limited (50% interest)
Solar Sociedade Lusitana de Organizacoes, Ltd. (Portugal)
South American Equities, Inc.
SP-Marine Inc.
Sperry Arabia Limited (Saudi Arabia) (49% interest)
Sperry A/S (Norway)
Sperry Asia, Inc.
Sperry Ges. m.b.H.
Sperry Capital Management Corporation
Sperry Cayman Islands
Sperry Curaco N.V. (Netherlands Antilles)
Sperry Dalmo Victor, Inc. (50% interest)
Sperry Finance Company Pty. Ltd. (Australia)
Sperry Finance Inc. (Canada)
Sperry Financial Corporation
Sperry Finanz AG (Switzerland)
Sperry Ges. m.b.H. (Austria)
Sperry (Hong Kong) Limited
Sperry Holding AB (Sweden)
Sperry Holding Company, Inc.
Sperry Industria e Comercio Ltda. (Brazil)
Sperry Insurance Company Ltd. (Bermuda)
Sperry International Capital Corporation
Sperry International Finance Corporation B.V. (Netherlands)
Sperry International Foreign Sales Corporation (Virgin Islands)
Sperry International Marketing AG (Switzerland)
Sperry International Services Company, Inc.
Sperry International Trade, Inc.
Sperry Lease Finance Corporation
Sperry Leasing Corp.
Sperry Limited (England)
Sperry Limited (Australia)
Sperry Mapper Services, Inc.
Sperry Overseas Corporation (Switzerland)
Sperry Overseas N.V. (Netherlands Antilles)
Sperry Overseas Services Corporation
Sperry (Proprietary) Limited (South Africa)
Sperry Rand Corporation
Sperry Rand International Corporation (Switzerland)
Sperry S.A. (Argentina)
Sperry S.A. (France)
Sperry S.A. (Spain)
Sperry, S.A. de C.V. (Mexico)
Sperry Trustees Limited (England)
Sperry World Trade, Inc.
Sperry Zentrallager Europa GmbH (West Germany)
STS Limited (Australia) (51% owned)
Synercom Australia Pty. Limited
System Development Corporation
Trade and Industry Sperry L.L.C. (Greece)
U.K. Holdings 1 Ltd.
U.K. Holdings 2 Ltd.
Unisys A/S (Denmark) (52% owned)
Unisys (Asia) Limited (Hong Kong)
Unisys Australia Limited
Unisys Belgium (58% owned)
Unisys Canada Inc. (54% owned)
Unisys China Investments Inc.
Unisys China Limited
Unisys China Services, Inc.
Unisys (Chile) Corporation
Unisys de Centro America, S.A.
Unisys de Colombia, S.A.
Unisys de Mexico, S.A. de C.V.
Unisys del Peru Corporation
Unisys Deutschland G.m.b.H. (West Germany)
Unisys Electronica Ltda. (Brazil)
Unisys Espana, S.A. (Spain)
Unisys Europe-Africa, Limited (England)
Unisys Finance Corporation
Unisys France
Unisys (Hong Kong) Ltd.
Unisys International (Singapore) Pte. Ltd.
Unisys Italia S.p.A.
Unisys Limited (England)
Unisys Ltd. (Korea)
Unisys Nederland N.V.
Unisys New Zealand Limited
Unisys PRC Limited
Unisys Peripherals Corporation
Unisys Pte. Ltd. (Singapore)
Unisys Puerto Rico, Inc.
Unisys (Schweiz) A.G. (Switzerland)
Unisys Sweden AB
Unisys (Taiwan) Limited
Univac (1967) Limited (New Zealand)

Burroughs Caribbean Limited
P.O. Box 69
Cross Roads
Kingston 5, Jamaica, W.I.

Burroughs Electronica (Portugal) Ltda.
Rua Gregorio Lopes
Lote 1514
Lisbon-3 (Restelo), Portugal

Galactic Assurance Group Ltd.
Bank of Bermuda Building
Hamilton, Bermuda

Formularious E Suprimentos Burroughs Ltda.
Rio De Janeiro, Est. de Guanbara, Brazil

Burroughs Co. Ltd.
Hanzomon Building
7.1 chrome, Kojimachi
Chiyoda Ku, Tokyo 102, Japan

Industrias Mexicanas Burroughs, S.A. de C.V.
Guadalajara Jalisco, Mexico

Burroughs Europe-Africa, Inc.
Burroughs Pacific, Inc.
Burroughs Overseas Limited
Burroughs Pacific Finance Limited

Graftek, Inc.
Boulder, Colorado
Manufactures and develops CAD/CAM systems. Graftek specializes in software applications such as mechanical design, automated drafting, numerical control programming and plastic injection-mold design and analysis.

Sperry Corporation
1290 Avenue of the Americas
New York, New York 10104
(212) 484-4444

Convergent, Inc
2700 North First Street
San Jose, California 95150-6685
(408) 434-2848
Develops, manufactures and markets microprocessor-based computers and computer systems used in a variety of networked computing applications.

Timeplex, Inc.
400 Chestnut Ridge Road
Woodcliff Lake, New Jerse[illegible]75
(201) 391-1111
Designs, manufactures, markets and services electronic data communications systems and equipment, and produces and distributes data multiplexers.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York*, Midwest*, Pacific*, Cincinnati, London, Amsterdam, Antwerp, Basel, Brussels, Geneva, Lausanne, Zurich *Listed.

Ticker Symbol: UIS

Number of Employees:

1988	93,000	1985	60,500
1987	92,500	1984	65,300
1986	98,300		

Plant Footage:

1988	23,633,000 sq. ft.	1985	8,885,000
1987	22,000,000	1984	10,109,000
1986	24,300,000		

Sales & Earnings x

	Net Sales	Net Income
1988	$ 9,902,000,000	$ 680,600,000
1987	9,712,900,000	578,000,000
1986	7,432,400,000	(43,400,000)
1985	5,037,700,000	248,200,000
1984	4,808,300,000	244,900,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	160,359,000	$ 3.58
1987	151,023,000	3.15
1986	137,419,000	—
1985	136,361,000	1.82
1984	136,119,000	1.80

(Loss)
x Restated to reflect adoption of SFAS No. 94, 'Consolidation of all majority-owned subsidiaries.'
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.98	—	—
1987	0.90 2/3	—	
1986	0.86 2/3	—	—
1985	0.86 2/3	—	—
1984	0.86 2/3	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1988	$ 3,526,100 †	$ 22.24
1987	3,118,300 †	20.90
1986	2,396,600 †	17.31
1985	2,492,400	18.24
1984	2,297,400	16.88

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987‡
Net sales	$ 6,771,000	$ 6,613,700
Rentals & service revenue	3,131,000	3,099,200
Total income	$ 9,902,000	$ 9,712,900

	1988	1987
Cost of sales	3,780,700	3,909,100
Cost of rentals & service	1,808,200	1,730,000
Expenses	3,240,200	2,975,200
Interest expense	304,500	300,800
Interest & other income	(190,200)	(153,500)
Income before taxes	$ 958,600	$ 951,300
Income taxes	278,000	373,300
Net Income	$ 680,600	$ 578,000

‡ Restated.
* Included in Costs and Expenses, Depreciation: $593,200,000 in 1988 and $617,700,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash & cash equiv.	$ 26,300	$ 55,100
Accts. & notes receiv., net	2,784,600	2,915,000
*Inventories	2,483,600	1,855,800
Prepaid expenses	520,700	508,100
Current Assets	$ 5,815,200	$ 5,334,000
Long-term receiv.	864,100	771,100
Rental equip.	272,400	263,300
#Fixed assets	2,003,000	1,857,600
Intangibles	1,599,900	1,356,200
Investments	192,200	166,100
Other assets	787,800	843,200
Total Assets	$ 11,534,600	$ 10,591,500

Liabilities
(000's)

Notes payable	$ 343,100	$ 197,400
Long-term debt, curr.	117,100	102,400
Accts. payable	1,252,000	1,557,800
Other accruals	1,072,600	1,067,700
Dividends payable	61,900	56,600
Income taxes	584,900	684,500
Curr. Liabilities	$ 3,431,600	$ 3,666,400
Long-term debt	3,078,100	2,377,100
Deferred inc. taxes	70,000	3,300
+Preferred stock	1,428,800	1,426,400
++Common stock	797,300	747,000
Add. paid-in capital	437,800	374,100
Retained earnings	2,434,600	2,016,600
Treasury stock	(24,800)	(1,800)
Currency translation adjustment	(118,800)	(17,600)
Total Liabilities Shareholders' Equity	$ 11,534,600	$ 10,591,500

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; $3.75 cumulative.
++ $5 par value.

Statistical Summary

%Income bef. Taxes to Revenues	9.68	9.79
%Net Income to Revenues	6.87	5.95
%Net Income to Equity	13.74	12.72
Debt to Equity	0.69	0.59
Working Capital	$ 2,383,600,000	$ 1,667,600,000
Current Ratio	1.69	1.45
Shareholders' Equity	$ 4,954,900,000	$ 4,544,700,000

United Industrial Corporation

18 East 48th Street
New York, New York 10017
(212) 752-8787

Officers: Bernard Fein, chairman of the board & president; Stuart M. Macht, president-AAI Corporation; Russell A. Wills, president-Detroit Stoker Company; Howard M. Bloch, secretary & treasurer; Michael J. Klitus, Jr., asst. treasurer; Michael P. Coppins, asst. secretary; John R. Garland, president-Neo Products Company.

Directors: Bernard Fein, chairman; Ben Feit, Howard M. Bloch, Myron Simons, Edward M. Melton.

Areas of Work: Designs, manufactures and markets electronics, aerospace systems, and weaponry for the United States and its allies, energy systems for industries and utilities, and specialized plastic products.

Subsidiaries:

AAI Corporation
Cockeysville, Maryland
Orlando, Florida
Oakland, California

Engaged in the development and manufacture of automatic test equipment for aircraft; weapons, ammunition and fuzing; material handling equipment; simulators for electronic warfare trianing (SEWT); and energy systems.

Neo Products Company
Chicago, Illinois

Producer of custom thermoplastic parts for the merchandisers of major appliances.

Detroit Stoker Company
Monroe & Marshall, Michigan
Columbus, Ohio

Engaged in the manufacture and sale of industrial stokers, combustion systems, pneumatic and hydraulic conveying systems, incinerator equipment, rotary seal feeders, shredders, grapples, and replacement parts.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Bank of America, N.T. & S.A.
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): New York

Ticker Symbol: UIC

Number of Employees:

1988	4,200	1985	3,740
1987	4,660	1984	3,630
1986	4,050		

Plant Footage:

1988	1,451,571 sq. ft.	1986	1,370,766
1987	1,461,671		

Sales & Earnings

	Net Sales †	Net Income
1988	$ 314,986,000	$ 16,869,000
1987	297,501,000	14,302,000
1986	272,508,000	(9,174,000)
1985	269,378,000	29,054,000
1984	246,155,000	18,533,000

	No. of Com. Shares +	Earn. per Share #
1988	13,093,000	$ 1.29
1987	13,186,000	1.07
1986	13,325,000	—
1985	13,303,000	2.18
1984	13,238,000	1.38

(Loss)
† Of continuing operations only.
+ Adjusted to reflect stock dividends.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1988	1987
Defense	$ 273,341,000	$ 258,201,000
Energy Systems	36,111,000	33,399,000
Plastic products	5,534,000	5,901,000
Total	$ 314,986,000	$ 297,501,000

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 0.64	—	—
1987	0.64	—	
1986	0.58	10%	—
1985	0.49	10%	—
1984	0.45	10%	—

‡ Adjusted to reflect stock dividends and stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 104,868,000	$ 8.01
1987	97,569,000	7.40
1986	93,267,000	7.00
1985	109,954,000	8.27
1984	86,853,000	6.56

† Adjusted to reflect stock dividends.

Income Account*

Year ended Dec. 31	1988	1987
Net sales	$ 314,986,000	$ 297,501,000
Cost of sales	236,541,000	230,264,000
Expenses	54,668,000	47,952,000
Interest income	(1,128,000)	(2,895,000)
Other income	(266,000)	(975,000)
Income bef. taxes	$ 25,171,000	$ 23,155,000
Income taxes	8,302,000	8,853,000
Net Income	$ 16,869,000	$ 14,302,000

* Included in Costs and Expenses, Depreciation and Amortization: $9,237,000 in 1988 and $8,157,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash & marketable securities	$ 3,419,000	$ 3,934,000
Trade receiv, net	55,988,000	49,424,000
*Inventories	69,959,000	56,451,000
Prepaid expenses	3,307,000	3,377,000
Current Assets	$ 132,673,000	$ 113,186,000
#Fixed assets	65,390,000	60,849,000
Other assets	61,321,000	58,252,000
Total Assets	$ 259,384,000	$ 232,287,000

Liabilities

Notes payable	$ 44,800,000	$ 32,500,000
Long-term debt, curr.	383,000	366,000
Accts. payable	18,510,000	12,273,000
Accrued payroll	9,907,000	9,461,000
Cust. advanced	1,152,000	1,353,000
Other liabilities	10,242,000	9,859,000
Deferred inc. taxes	33,038,000	37,445,000
Curr. Liabilities	$ 120,675,000	$ 103,257,000

Long-term debt	13,073,000	13,456,000
Deferred inc. taxes	20,768,000	18,005,000
+Common stock	14,359,000	14,358,000
Add. paid-in capital	99,377,000	99,371,000
Retained earning (def.)	598,000	(7,892,000)
Treasury stock	(9,466,000)	(8,268,000)
Total Liabilities & Shareholders' Equity	$	$ 232,287,000

* At lower of cost (LIFO, actual, average, standard) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.99	7.78
%Net Income to Sales	5.36	4.81
%Net Income to Equity	16.09	14.66
Sales to Inventories	4.50	5.27
Debt to Equity	0.56	0.49
Working Capital	$ 11,998,000	$ 9,929,000
Current Ratio	1.10	1.10
Shareholders' Equity	$ 104,868,000	$ 97,569,000

United Technologies Corporation

United Technologies Building

Hartford, Connecticut 06101
(203) 728-7000

Officers: Robert F. Daniell, chairman & chief exec. officer; John A. Rolls, exec. v.p. & chief financial officer; Edward W. Large, exec. v.p.; Sidney F. McKenna, sr. v.p.-public affairs; William F. Paul, sr. v.p.-defense & space systems; Edward M. Irving, sr. v.p., & exec. v.p.-aerospace/defense; Martin R. Lewis, Jr., v.p., secretary & deputy gen. counsel; Albert J. Kelley, sr. v.p.-strategic planning; J. Thomas Bouchard, sr. v.p.-human resources & organization; Franklin J. Parisi, v.p.-communications; Jeffrey L. Kushner, v.p.; Mark S. Coran, v.p. & controller; Irving B. Yoskowitz, sr. v.p. & general counsel; William A. Wilson, president & chief exec. officer-Carrier; Karl J. Krapek, president & chief operating officer-Otis; George A.L. David, exec. v.p., & president-commercial/industrial; Edward M. Irving, sr. v.p.-Industrial Group & president-UT Automotive; Frank W. McAbee, Jr., v.p.-government contracts & compliance; Arthur E. Wegner, exec. v.p., & president-aerospace/defense; Selwyn D. Berson, group v.p. & president-commercial engine business, Pratt & Whitney Group; William C. Missimer, group v.p. & pres.-government engine business-Pratt & Whitney Group; Norman R. Bodine, president-Automotive Products Division, UT Automotive; Terry D. Stinson, president-Hamilton Standard; Frederick Hay, president-Components Division, UT Automotive; James G. O'Connor, group v.p.-operations-Pratt & Whitney Group; L. David Caplan, president & chief exec. officer-Pratt & Whitney Canada Inc.; John M. Hammitt, v.p.-information systems; William J. Evans, v.p.-space systems; William H. Trachsel, v.p. & deputy gen. counsel; Harvey I. White, v.p.-corp. purchasing; Pierre J. Fougeron, president-European & Transcontinental Operations-Otis; Edwin D. Decker, president-Norden Systems; Eugene Buckley, president-Sikorsky Aircraft; Franklyn A. Caine, v.p. & treasurer; Robert J. Hermann, v.p.-science & technology; William H. Peace, president-European Transcontinental operations-Carrier; Vernon K. Stait, president-Pacific area operations-Otis.

Directors: Robert F. Daniell*, chairman; T. Mitchell Ford *, Robert L. Sproull, Richard S. Smith *, Edward W. Large *, Jacqueline G. Wexler, Antonia H. Chayes, Robert F. Dee, Charles W. Duncan, Jr., Pehr G. Gyllenhammar, Robert H. Malott *, John S. Reed.

* Member of the Executive Committee

Areas of Work: Vertical-lift aircraft for military and civil operation and precision systems for flight, including environmental engine, air-inlet, and wing-sweep actuator controls; airborne integrated data systems and flight recorders; airborne radar and cockpit displays systems; propellers; solid propellant rocket boosters and motors; liquid-fueled and hybrid rocket engines; space life support, environmental, guidance, and power systems; altitude control thrusters; turbine aircraft engines in a range of power ratings; gas turbines and allied equipment for electrical power generation, industrial process, natural gas transmission, and marine propulsion; computerized diagnostic and control systems for the automotive and other industries; laser welding systems for industry: elevators and escalators; air conditioning, advanced business communication, electronic energy management control and intergrated building systems and services; automotive components and systems.

Divisions and Subsidiaries:

Pratt & Whitney
East Hartford, Connecticut 06108
(203) 565-4321

Otis Group, Inc.
10 Farmspring
Farmington, Connecticut 06032
(203) 674-4000

Hamilton Standard
Bradley International Airport
Winsor Locks, Connecticut 06096
(203) 623-1621

Sikorsky Aircraft
Stratford, Connecticut 06497
(203) 378-6361

Norden Systems, Inc.
Helen Street
Norwalk, Connecticut 06856
(203) 838-4471

United Technologies Research Center
East Hartford, Connecticut 06108
(203) 565-4321

Pratt & Whitney Aircraft of West Virginia, Inc.
P.O. Box 245
Bridgeport, West Virginia 26330
(304) 842-5421

United Technologies International Incorporated
Hartford, Connecticut 06108
(203) 728-7630

Pratt & Whitney Aircraft of Canada Limited (97% owned)
P.O. Box 10
Longueuil, Quebec, Canada
(514) 677-9411

Carrier Corporation
6304 Carrier Parkway
P.O. Box 4808
Syracuse, New York 13221
(315) 424-4711

Engaged in the manufacture and sale of air conditioning equipment and energy processing equipment.

UT Automotive

Manufactures wire harness systems; DC electric motors and actuators; electromechanical/electronic switches and modules; interior trim systems and components; and hydraulic systems and components.

Control Systems

Products and services include automotive emissions test equipment and inspection services; computer-based automotive repair and diagnostic equipment and services; electronic and electromechanical control systems and components.

Missiles and Space Systems

Products and services include space launch systems; processing and refurbishing nonmotor segments of space shuttle's booster; high-technology optical systems; and solid rocket motors for strategic and tactical weapons systems.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
(common stock and $4.50 preferred stock)
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, London, Paris, Frankfurt, Geneva, Basel, Zurich, Brussels, Amsterdam, Lausanne.

Ticker Symbol: UTX

Number of Employees:

1988	186,800
1987	190,000
1986	193,500
1985	184,000
1984	205,000

Plant Footage:

1988	N.A.
1987	58,993,000 sq. ft.
1986	60,624,000

N.A. - Not Available.

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1988	$ 18,000,100	$ 659,100
1987	17,170,200	591,700
1986	15,669,200	72,700
1985	14,991,700	312,700
1984	14,826,000	645;000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	130,608,493	$ 5.05
1987	131,026,367	4.52
1986	122,795,258	0.27
1985	122,538,718	2.12
1984	120,795,140	4.90

+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Power	$ 6,346,700	$ 5,739,600
Flight systems	3,505,800	3,246,000
Building syst.	6,523,300	5,734,300
Indust. prods. for auto. & other	1,965,800	2,713,900
Other	217,400	252,000
Eliminations	(41,100)	(249,600)
Total	$ 18,517,900	$ 17,436,200

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 1.55	—	—
1987	1.40	—	
1986	1.40	—	—
1985	1.40	—	—
1984	1.375	—	2-for-1

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity + (000's)	Equity Per Share ‡
1988	$ 4,822,400	$ 36.92
1987	4,291,000	32.90
1986	3,801,400	29.14
1985	3,848,800	31.32
1984	3,645,400	30.04

+ After allowing for preferred stock at aggregate liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 18,000,100	$ 17,170,200
Other income	517,800	266,000
Total income	$ 18,517,900	$ 17,436,200

Cost of sales & services	13,486,000	12,665,500
Expenses	3,554,900	3,347,100
Interest expense	312,100	331,700
Income before taxes	$ 1,164,900	$ 1,091,900
Income taxes	460,100	458,000
Minority interest	45,700	42.200
Net Income	$ 659,100	$ 591,700

* Included in Cost and Expenses, Depreciation: $536,400,000 in 1988 and $505,100,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & short-term invest.	$ 242,600	$ 429,800
Accts. receiv., net	2,785,600	2,815,300
Fut. inc. tax ben.	642,400	446,700
* Inventories	4,201,400	3,978,400
Prepaid expenses	116,600	101,300
Current Assets	$ 7,988,600	$ 7,771,500
Accts. & notes receiv.	340,600	826,200
Other investments	334,800	295,300
# Fixed assets	3,406,600	3,353,200
Prepaid pension costs & other defer. charges	677,700	627,300
Total Assets	$ 12,748,300	$ 12,873,500

Liabilities
(000's)

Short-term borrowings	$ 323,800	$ 702,000
Long-term debt, curr.	261,700	71,300
Accts. payable	1,545,800	1,577,800
Accruals	1,890,300	1,798,200
Income taxes	351,300	241,300
Advances on contracts	575,200	500,000
Curr. Liabilities	$ 4,948,100	$ 4,890,600
Long-term debt	1,642,800	2,229,600
Deferred inc. taxes	371,000	602,100
Other liabilities	726,700	636,200
Minority interest	236,300	222,400
+ Preferred stock: $4.50 Cumulative	900	1,500
++ Common stock	1,720,500	1,710,800
Deferred trans. adjust.	(14,000)	(79,600)
Retained earnings	3,116,000	2,659,900
Total Liabilities & Shareholders' Equity	$ 12,748,300	$ 12,873,500

* At lower of cost or estimated realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value; convertible.
++ $5 par value.

Statistical Summary

% Income bef. Taxes to Sales	6.47	6.36
% Net Income to Sales	3.66	3.45
% Net Income to Equity	4.28	13.78
Sales to Inventories	13.66	4.32
Debt to Equity	0.46	0.70
Working Capital	$ 3,040,500,000	$ 2,880,900,000
Current Ratio	1.61	1.59
Shareholders' Equity	$ 4,823,400,000	$ 4,292,600,000

United Telecommunications, Inc.

2330 Shawnee Mission Parkway
Westwood, Kansas 66205
(913) 676-3000

Mailing address:
P.O. Box 11315
Kansas City, Missouri 64112

Officers: Paul H. Henson, chairman of the board; William T. Esrey, president & chief executive officer; Arthur B. Krause, exec. v.p. & chief financial officer; Curtis G. Fields, exec. v.p.; John F. Dodd, executive v.p. & general counsel; Ronald T. LeMay, exec. v.p.-corp. affairs; Richard H. Brown, sr. v.p.; Donald G. Forsythe, v.p.-corp. communications; Ralph T. Whiteside, v.p.-corp. development; Sushil G. Munshi, v.p.-technology planning; David J. Nicol, v.p.-corp. planning; J. Richard Devlin, v.p. & general counsel-telephone; M. Jeannine Strandjord, v.p. & controller; William J. Gunter, v.p. & treasurer; Don A. Jensen, v.p. & secretary; Dan J. Evanoff, v.p. & gen. mgr.-Sprint services; Joe B. Gibson, v.p.-administration; William J. McCullough, v.p.-human resources; John A. Mihalovich, v.p.-data systems; Thomas A. Norman, v.p.-engineering & operations; Robert W. Runke, v.p.-budgets; Alan J. Sykes, v.p.-revenues; Gene M. Betts, v.p.-taxes; Thomas E. Farmer, v.p.-marketing & business development; Jay C. Keithley, v.p.-public affairs; Michael J. Robertson, v.p.-goverment relations.

Directors: Warren L. Batts, James I. Cash, Jr., Ruth M. Davis, Joseph L. Dionne, William T. Esrey, Donald J. Hall, Paul H. Henson, Harold S. Hook, Carl Horn, Jr., Lewis W. Lehr, James F. McDonald, Thomas S. Nurnberger, Charles E. Rice, Stewart Turley, James I. Cash, Jr., Joseph L. Dionne.

Areas of Work: A publicly-owned, holding company which is engaged in a number of telecommunications businesses. The company's two operating groups are United Telephone Systems, Inc., one of the nation's largest telephone systems, and U.S. Telecom, Inc., which provides voice, data and video transmission services. The Company owns 80.1% of US Sprint Communications Company, the nation's third largest long-distance telephone company. Complementary businesses are engaged in computer graphics, distribution and computer software activities.

Subsidiaries:

Megatek Corporation
9605 Scranton Road
San Diego, California 92121
(619) 455-5590

DirectoriesAmerica
Overland Park, Kansas

Template Graphics Software, Inc.
San Diego, California

North Supply Company
600 Industrial Parkway
Industrial Airport, Kansas 66031
(913) 791-7000

Information Systems of America, Inc.
P.O. Box 47975
500 Northridge
Atlanta, Georgia 30338
(404) 587-6800

United Information Systems, Ltd.
London, England

United Telephone System, Inc.
P.O. Box 11315
Kansas City, Missouri 64112
(913) 676-3000
Consists of the following companies:

Carolina Telephone and Telegraph Co.
720 Western Blvd.
Tarboro, North Carolina 27886
(919) 823-9900

United Telephone Company of Florida
919 West Highway 436
Altamonte Springs, Florida 32701
(305) 862-1123

United Telephone Company of Indiana
Post Office Box 391
Warsaw, Indiana 46580
(219) 267-6161

United Telephone Company of the Northwest
601 State Street
Hood River, Oregon 97301
(503) 386-2211

United Telephone Company of Ohio
Post Office Box 3555
Mansfield, Ohio 44907
(419) 755-8011

United Telephone System-Eastern Group
1170 Harrisburg Pike
Carlisle, Pennsylvania 17013
(717) 243-6312
Consists of the following companies:

United Telephone Company of Pennsylvania
United Telephone Company of New Jersey
New Jersey Telephone Company
West Jersey Telephone Company
Hillsborough and Montgomery Telephone Company
United-Sussex Telephone Company

United Telephone System-Midwest Group
666 W. 110th St.
Overland Park, Kansas 66211
(913) 381-6400
Consists of the following companies:

United Telephone Company of Texas
United Telephone Company of Iowa
United Telephone Company of Kansas
United Telephone Company of Minnesota
United Telephone Company of Missouri
United Telephone Company of Arkansas
United Telephone Company of the West

United Telephone System-Southeast Group
112 Sixth Street
Bristol, Tennessee 37620
(615) 968-8121
Consists of the following companies:

United Inter-Mountain Telephone Company
United Telephone Company of the Carolinas

United Telecom Corporate Center
Westwood, Kansas

United TeleSentinel, Inc.
P.O. Box 33080
Kansas City, Missouri 64114
(913) 341-0009

U.S. Telecom, Inc.
P.O. Box 11315
Kansas City, Missouri 64112
(913) 676-3000
Consists of the following companies:

U.S. Telecom-Corporate Network Services Company
1815 Century Blvd., Suite 500
Atlanta, Georgia 30345
(404) 320-1033

U.S. Telecom-Data Communications Company
10951 Lakeview Avenue
Lenexa, Kansas 66219
(913) 541-4400

US Sprint Communications Company (80.1%-owned)
Markets inter-city voice telephone service; offers switched digital communications services; and markets video teleconferencing services to business and residential customers.

U.S. Telecom-Communications Services Company
Box 11315
Kansas City, Missouri 64112
(913) 676-3000

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

United Missouri Bank of Kansas City, N.A.
P.O. Box 226
Kansas City, Missouri 64141

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: UT

Number of Employees:

1988	37,700	1985	27,415
1987	23,325	1984	27,639
1986	23,245		

Sales & Earnings

	Revenues & Sales # (000's)	Net Income (000's)
1988	$ 6,493,000	$ 508,900
1987	2,935,100	(51,500)
1986	3,012,700	180,500
1985	3,083,800	20,800
1984	2,788,800	235,200

	No. of Com. Shares ‡	Earn. per Share ‡
1988	102,200,000	$ 4.95
1987	99,800,000	—
1986	97,700,000	1.81
1985	93,700,000	0.18
1984	89,800,000	2.57

# Of continuing operation only.
‡ Based on the average number of share outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.92	—	—
1987	1.92	—	
1986	1.92	—	—
1985	1.92	—	—
1984	1.88	—	—

Common Stock Equity

	Total Equity †	Equity Per Share +
1988	$ 1,874,800,000	$ 18.34
1987	1,523,500,000	15.27
1986	1,724,900,000	18.41
1985	1,689,100,000	18.03
1984	1,711,800,000	19.06

† After allowing for preferred stock at stated value.
+ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net revenues:		
Long-dist. comm. serv.	$ 3,405,400	$ —
Local comm. serv.	2,509,700	2,388,900
Complementary businesses	698,600	628,000
Intercompany sales	(120,700)	(81,800)
Total revenues	$ 6,493,000	$ 2,935,100
Expenses:		
Long-dist. comm. serv.	3,814,400	—
Local comm. serv.	1,912,900	1,752,300
Complementary businesses	658,000	585,300
Intercompany expenses	(120,700)	(81,800)
Other expense (income)	100	(31,200)
Interest expense	320,400	265,900
Eq. in loss of US Sprint	—	580,400
Other partner's interest in loss of US Sprint	(232,100)	—
Income (loss) bef. taxes	$ 140,000	$ (135,800)
Tax credit	(1,800)	(102,300)
Inc. (loss)-cont. oper.	$ 141,800	$ (33,500)
Inc. (loss)-discont. oper.	367,100	(18,000)
Net Income (Loss)	$ 508,900	$ (51,500)

* Included in Costs and Expenses, Depreciation and Amortization: $906,600,000 in 1988 and $563,700,000 in 1987.
‡ Restated.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 617,100	$ 74,400
Accts. receiv., net	850,300	450,400
Notes receiv.	330,600	—
*Inventories held for resale	95,600	86,700
Prepaid expenses	186,700	101,100
Fed. inc. tax refund	—	74,000
Deferred inc. taxes	44,700	21,700
Current Assets	$ 2,125,000	$ 808,300
Invest. & adv. to U.S. Sprint	—	1,187,900
#Fixed assets	7,318,400	4,344,100
Intangibles	114,400	—
Other assets	259,100	218,100
Total Assets	$ 9,816,900	$ 6,558,400

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 148,500	$ 123,200
Accts. payable	716,900	390,300
Accrued local interconnection & leased facil. costs	292,100	—
Advance billings	63,300	59,400
Accrued taxes	313,200	80,500
Accrued interest	100,800	72,600
Other liab.	214,100	199,100
Curr. Liabilities	$ 2,148,900	$ 925,100
Long-term debt	3,674,800	3,047,600
Deferred credits	1,118,200	1,018,700
Other partner's interest in US Sprint	958,900	—
Redeem. pref. stock:		
Parent	26,800	28,000
Subsid.	12,100	12,900
Preferred stock	2,400	2,600
+ Common stock	256,600	251,400
Emp. stock purch. install.	7,300	16,000
Add. paid-in capital	882,500	838,900
Retained earnings	728,400	417,200
Total Liabilities & Shareholders' Equity	$ 9,816,900	$ 6,558,400

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Net Income to Equity	27.11	—
Debt to Equity	2.04	2.08
Shareholders' Equity	$ 1,877,200,000	$ 1,526,100,000

Unitrode Corporation

5 Forbes Road
Lexington, Mississippi 02173
(617) 861-6540

Officers: George M. Berman, chairman of the board; Howard F. Wasserman, president & chief exec. officer; Michael J. O'Connor, v.p.-semiconductor products; Edward Simon, v.p.-technology; Walter B. Gates, sr. v.p.-finance; Robert R. Feier, v.p.-passive components; Richard S. Morse, Jr., secretary; Norman E. DeVolder, v.p.-special projects; William T. Campbell, Jr., v.p.-micro networks; Franklin P. Weigold, v.p.-integrated circuits; Robert E. Brierley, treasurer; Robert W. Woodbury, Jr., controller; E. Charles Aubee, gen. mgr.-Power General Corp.; Steven M. Wood, gen. mgr.-Powercube Corp..

Directors: George M. Berman, chairman; Norman Landstrom, Walter B. Gates, Kenneth Hecht, Peter A. Brooke, Arthur L. Goldstein, Robert L. Gable, Harold F. Wasserman.

Areas of Work: Develops, manufactures, and markets semiconductors, ceramic capacitors, switching power supplies, data conversion products, EMI filters, and analog integrated circuits.

Subsidiaries:

Powercube Corporation
8 Suburban Park Drive
Billerica, Massachusetts 01821
(617) 862-6400
Manufactures power supplies for the military.

Unitrode Integrated Circuits Corp.
7 Contintental Blvd.
Merrimack, New Hampshire
Manufactures analog ICs.

Unitrode Mexicana S.A. de C.V.
Agua Prieta, Sonora, Mexico

U.S. Microtek Components Corp.
Sun Valley, California
Manufactures ceramic chip capacitors and filters.

Power General Corporation
Canton, Massachusetts
Manufactures multiple-output switching power supplies, modular DC-DC converters and uninterruptible power supplies.

Micro Networks
324 Clark Street
Worchester, Massachusetts 01606
Manufactures hybrid data conversion circuits which provide accurate, high-speed, reliable conversion of electronic signals from the analog levels of the physical world to digital impulses recognizable by computers and microprocessors, and vice-versa. Also manufactures power hybrids.

Transfer Agent(s):

Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York

Ticker Symbol: UTR

Number of Employees:

1988	2,445	1986	2,695
1988	2,450	1985	3,120
1987	2,706		

Plant Footage:

1988	747,000 sq. ft.	1986	737,000
1988	722,000	1985	642,000
1987	731,000		

Sales & Earnings

	Net Sales	Net Income
1989	$ 163,297,000	$ 1,876,000
1988	135,104,000	(19,951,000)
1987	149,422,000	(7,030,000)
1986	167,968,000	9,163,000
1985	200,113,000	22,215,000

	No. of Com. Shares‡	Earn. per Share‡
1989	13,835,000	$ 0.14
1988	13,800,000	—
1987	13,837,000	—
1986	13,701,000	0.67
1985	13,464,000	1.65

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Unitrode Corporation

Revenues by Line of Business

	1989	1988	1987	1986
Semiconductors	39 %	35 %	49 %	50 %
Power Management ICs	17	15	9	5
Passive components	14	15	13	12
Data conversion devices	13	16	12	14
Switching power supplies	17	19	17	19
Total	100 %	100 %	100 %	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	$ —	—	—
1988	0.15	—	
1987	0.20	—	—
1986	0.20	—	—
1985	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 106,826,000	$ 7.73
1988	104,447,000	7.57
1987	125,285,000	9.09
1986	132,918,000	9.73
1985	119,939,000	9.07

Income Account*

Year ended Jan. 31	1989	1988
Net sales	$ 163,297,323	$ 135,103,505
Cost of sales	114,878,875	103,974,931
Expenses	44,757,593	49,025,589
Interest income	(396,595)	(247,193)
Interest expense	931,454	1,051,031
Unusual items	—	12,000,000
Inc. (loss) bef. taxes	$ 3,125,996	$ (30,700,853)
Income taxes (credit)	1,250,000	(10,750,000)
Net Income (Loss)	$ 1,875,996	$ (19,950,853)

* Included in Costs and Expenses, Depreciation and Amortization: $13,404,265 in 1989 and $13,109,715 in 1988.

Assets

As of Jan. 31	1989	1988
Cash & short-term investment	$ 6,864,126	$ 5,294,469
Accts. & notes receiv., net	30,428,360	28,534,401
Income tax refund receiv.	—	10,253,000
*Inventories	36,295,068	40,324,625
Prepaid expenses	1,786,086	1,453,659
Current Assets	$ 75,373,640	$ 85,860,154
#Fixed assets	55,712,377	59,094,700
Intangibles	6,284,209	6,478,196
Other assets	1,907,071	1,296,966
Total Assets	$ 139,277,297	$ 152,730,016

Liabilities

Notes payable	$ —	$ 11,000,000
Long-term debt, curr.	1,738,984	3,834,117
Accts. payable	7,118,558	6,798,605
Income taxes pay.	500,348	3,186,491
Accrued payroll	4,011,496	2,840,596
Other accruals	1,495,444	3,763,025
Other curr. liab.	7,106,380	4,911,656
Curr. Liabilities	$ 21,971,210	$ 36,334,490
Long-term debt	2,367,559	4,136,268
Deferred inc. taxes	8,113,000	7,812,000
+Common stock	2,779,641	2,779,018
Add. paid-in capital	29,687,787	29,946,572
Retained earnings	76,300,369	74,424,373
Treasury stock	(1,108,356)	(1,323,464)
Deferred compensation	(833,913)	(1,379,241)
Total Liabilities & Shareholders' Equity	$ 139,277,297	$ 152,730,016

* At current average cost but not in excess of net realizable value.
# Less accumulated deprecation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.91	—
%Net Income to Sales	1.15	—
%Net Income to Equity	1.76	—
Sales to Inventories	4.50	3.35
Debt to Equity	0.04	0.18
Working Capital	$ 53,402,430	$ 49,525,664
Current Ratio	3.43	2.36
Shareholders' Equity	$ 106,825,528	$ 104,447,258

Universal Voltronics Corp.

27 Radio Circle Drive
Mount Kisco, New York 10549
(914) 241-1300

Officers: Barry Ressler, chairman & chief exec. officer; Joseph R. Petite, president & chief operating officer; Walter F. J. Crewson, v.p. & senior technical advisor; Julian M. Polis, v.p.-engineering; Frank X. Samperi, v.p.-sales; Stuart Clymer, secretary.

Directors: Barry Ressler, chairman; Joseph R. Petite, Lewis Cohen, Milton Gold, William W. Hoover, Richard Lewisohn, III, Mike McCormack.

Areas of Work: Engaged in the design, manufacture and sale of high voltage power conversion systems, modulators and related equipment for strategic defense projects, energy research, as well as medical, commercial and utility applications.

Transfer Agent(s):

Harris Trust Company
110 William Street
New York, New York 10038

Stock Exchange(s): Over-the-Counter

Ticker Symbol: UVOL (NASDAQ)

Plant Footage:

1987 . . . . 45,000 sq. ft. 1985 45,000
1986 45,000

Sales & Earnings

	Net Sales	Net Income †	No. of Com. Shares ‡	Earn. per Share † ‡
1987	$ 7,881,840	$ 183,451	$ 2,803,633	$ 0.07
1986	9,209,786	1,050,392	2,793,440	0.38
1985	8,413,322	141,124	2,653,958	0.05
1984	7,736,949	(2,253,141)	2,653,958	—
1983	10,380,485	(1,640,514)	2,076,459	—

(Loss)
† Including extraordinary gains of $74,563,000 ($0.03 per share) in 1987, $467,145 ($0.17 per share) in 1986 and $54,476 ($0.02 per share) in 1985.
‡ Based on the weighted average number of common share and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 2,058,713	$ 0.73
1986	1,848,262	0.66
1985	797,870	0.30
1984	656,746	0.25
1983	2,904,711	1.40

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1987	1986
Revenues	$ 7,881,840	$ 9,209,786
Cost of sales	5,019,054	5,679,642
Expenses	2,437,119	2,138,457
Interest expense	245,764	346,532
Interest income	(3,548)	(5,237)
Income before taxes	$ 183,451	$ 1,050,392
Income taxes	74,563	467,145
Net Income	$ 108,888	$ 583,247
Extraord. gain	74,563	467,145
Net Income & extraord. gain	$ 183,451	$ 1,050,392

* Included in Costs and Expenses, Depreciation and Amortization: $235,478 in 1987 and $137,664 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 7,161	$ 208,320
Accts. receiv., net	1,219,551	1,345,253
Costs & earn. in exc. of billings	937,155	621,009
*Inventories	1,686,963	1,811,404
Other curr. assets	83,656	95,641
Current Assets	$ 3,934,486	$ 4,081,627
#Fixed assets	1,594,305	1,142,546
Other assets	103,552	124,647
Total Assets	$ 5,632,343	$ 5,348,820

Liabilities

Notes payable	$ 448,538	$ 806,791
Long-term debt, curr.	83,825	437,044
Accts. payable	284,211	542,816
Accrued compensation	206,691	193,300
Accrued warranty costs	25,000	35,000
Other accruals	275,438	240,923
Curr. Liabilities	$ 1,323,703	$ 2,255,874

Long-term debt	2,132,247	1,107,865
Deferred pension	117,680	136,819
+Common stock	135,142	134,142
Add. paid-in capital	4,027,096	4,001,096
Accum. deficit	(2,100,221)	(2,283,672)
Treasury stock	(3,304)	(3,304)
Total Liabilities & Shareholders' Equity	$ 5,632,343	$ 5,348,820

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.33	11.41
%Net Income to Sales	1.38	6.33
%Net Income to Equity	5 29	31.56
Sales to Inventories	4.67	5.08
Debt to Equity	1.29	1.27
Working Capital	$ 2,610,783	$ 1,825,753
Current Ratio	2.97	1.81
Shareholders' Equity	$ 2,058,713	$ 1,848,262

UTL Corporation

1508 West Mockingbird Lane
Dallas, Texas 75235
(214) 638-6688

Officers: Robert McCulloch, chairman of the board & chief exec. officer; Gifford K. Johnson, president & chief operating officer; Paul G. Spero, sr. v.p.-operations; John Benson, sr. v.p.-finance & treasurer; Bob W. Maupin, sr. v.p.-advanced development; R.H. Lichtenstein, v.p.-business management & secretary; Bernard S. Bernard, v.p.-new business development; George R. Albin, v.p..

Directors: Robert McCulloch, H.L. Simpson, Robert Hibbert, William Bret, Theodore Strauss, Gifford K. Johnson, John Benson, Robert E. Galer, Paul Spero.

Areas of Work: Engaged in the design, development and manufacture of electronic systems and subsystems which are used by the United States and foreign military services in reconnaissance, surveillance and targeting.

Division:

UTL Defense Electronics, Inc.
Suite 200
260 Hearst Way
Kanata, Ontario K2L 3H1, Canada
(613) 591-3474

Transfer Agent(s):

Texas American Bank, Dallas
Trust Department
P.O. Box 35207
Dallas, Texas 75235

Stock Exchange(s): Over-the-Counter

Ticker Symbol: UTLC (NASDAQ)

Number of Employees:

1988	467	1985	N.A
1987	381	1984	231
1986	414		

Plant Footage:

1988	143,500 sq. ft.	1985	76,500
1987	143,500	1984	75,000
1986	143,500		

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income ‡
1988	$ 22,965,432	$ (6,804,943)
1987	18,797,897	(252,596)
1986	31,519,253	5,122,340
1985	26,158,341	4,862,966
1984	22,846,760	4,185,079

	No. of Com. Shares +	Earn per Shares ‡ +
1988	4,247,000	$ —
1987	4,752,000	—
1986	4,844,000	1.06
1985	4,860,000	1.00
1984	4,828,000	0.87

‡ Including extraordinary gains of $3,178,441 in 1988 and $759,262 in 1987.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity ‡	Equity Per Share +
1988	$ 17,869,456	$ 4.21
1987	30,731,185	6.47
1986	39,487,658	8.15
1985	34,159,914	7.03
1984	29,243,098	6.06

‡ After allowing for preferred stock at liquidation value.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1988	1987
Revenues	$ 22,965,432	$ 18,797,897
Contract costs	23,233,537	17,323,297
Expenses	5,626,868	5,117,679
Interest income	(1,425,343)	(2,037,161)
Dividend income	(1,262,500)	(2,471,546)
Interest expense	2,708,221	3,361,877
Realized loss (gain) on sale of secur.	7,766,627	(556,793)
Unrealized loss (gain) on secur. sold short	(776,816)	934,176
Other expense	389,695	218,191
Loss before taxes	$ (13,294,857)	$ (3,091,823)
Tax credit	(3,311,473)	(2,079,965)
Net Loss	$ (9,983,384)	$ (1,011,858)
Extraordinary gain	3,178,441	759,262
Net Loss & extraordinary gain	$ (6,804,943)	$ (252,596)

* Included in Costs and Expenses, Depreciation: $835,627 in 1988 and $686,860 in 1987.

Assets

As of June 30	1988	1987
Cash & cash equiv.	$ 11,310,279	$ 5,742,700
Market. secur.	8,674,373	43,430,482
Accts. receiv.-trade	7,716,367	3,862,867
Accts. receiv.-brokers	9,795	6,817,868
Long-term contracts	9,708,027	12,631,230
Inc. taxes refund.	3,332,185	2,347,044
Prepaid expenses	343,432	662,153
Deferred inc. taxes	150,386	507,721
Adv. to stock ownership plans	100,334	394,000
Current Assets	$ 41,345,178	$ 76,396,065
Marketable securites	—	536,500
Investment & adv.	691,205	660,753
#Fixed assets	13,348,328	13,144,017
Other assets & bond issue costs	917,303	1,501,856
Total Assets	$ 56,302,014	$ 92,239,191

Liabilities

Long-term debt, curr.	$ 775,000	$ 750,000
Note payable	1,000,000	2,400,000
Accts. payable	1,023,642	914,042
Securites sold short	—	3,279,036
Billings in exec. of costs	547,682	798,336
Accruals	2,585,800	5,293,595
Curr. Liabilities	$ 5,932,124	$ 13,435,009
Long-term debt	31,631,500	47,575,000
Def. fed. inc. taxes	806,434	435,497
+ Preferred stock	62,500	62,500
++ Common stock	1,221,815	1,206,118
Add. pain-in capital	21,339,637	21,355,334
Allowance on marketable secur.	—	(733,655)
Emp. stock plan purch. with guaran. debt	(4,362,500)	(5,125,000)
Retained earnings	10,587,695	17,392,638
Treasury stock	(10,917,191)	(3,364,250)
Total Liabilities & Shareholders' Equity	$ 56,302,014	$ 92,239,191

# Less accumulated depreciation and amortization.
+ No par value: $0.625 stated value, noncumulative.
++ $.0.25 par value.

Statistical Summary

Debt to Equity	1.86	1.65
Working Capital	$ 35,413,054	$ 62,961,056
Current Ratio	6.97	5.69
Shareholders' Equity	$ 17,931,956	$ 30,793,685

Valid Logic Systems Incorporated

2820 Orchard Parkway
San Jose, California 95134
(408) 432-9400

Officers: W. Douglas Hajjar, chairman, president, chief exec. officer & chief financial officer; Ian Ash, v.p., & managing dir.-Valid International; Robert G. Fulks, v.p. & gen. mgr.-PCB Division; Curtis C. Hare, v.p., & gen. mgr.-CAE Division; Thomas F. Kelly, treasurer; Robert J. Moore, v.p.-sales; Alain Labat, v.p.-Far East operations; Joseph Prang, v.p.-marketing; Michael Price, v.p.-engineering; Daniel Sahagun, v.p.-Specials Systems Development Group; Frankin D. White, Sr., v.p.-operations; Anthony C. Gilbert, secretary; D. Ross White, corp. controller & chief accounting officer; Keith L. Barnes, gen. mgr.-IMS.

Directors: W. Douglas Hajjar, chairman; Robert L. Ashley, Gerald A. Lodge, H. Dubose Montgomery, J. Sidney Webb, Mary Jane Elmore.

Areas of Work: Designs, manufactures, markets and supports customer solutions for electronic design automation applications for the development of electronic systems, printed circuit boards, and integrated circuits.

Subsidiary:

Telesis Systems Corporation
Chelmsford, Massachusetts

Designs, manufactures, markets and supports an integrated family of electronic design automation workstations and related software used in the design and development of printed circuit boards.

Acquisitions:

Integrated Measurement Systems, Inc.
Beaverton, Oregon

Designs, manufactures, markets and services verification systems consisting of hardware and software used primarily in the testing and measurement of ASICs at the prototype stage.

Analog Design Tools, Inc.
Sunnyvale, California

Develops, markets and supports CAE software for the design of analog electronic components and products.

Valid Logic Systems Incorporated

Transfer Agent(s):

First National Bank of Boston
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: VLID (NASDAQ)

Number of Employees:

1988	638	1987	498

Plant Footage:

1988	317,000 sq. ft.	1987	237,000

Sales & Earnings

	Net Sales	Net Income †
1988	$ 108,379,000	$ 6,083,000
1987	66,586,000	(25,905,000)
1986	73,402,000	(10,737,000)
1985	69,347,000	(5,803,000)
1984	66,461,000	1,075,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	19,704,000	$ 0.31
1987	17,638,000	—
1986	17,523,000	—
1985	17,420,000	—
1984	17,615,000	0.06

(Loss)
† Before extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 54,980,000	$ 2.79
1987	34,265,000	1.94
1986	56,888,000	3.25
1985	57,718,000	3.31
1984	47,935,000	2.72

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales:		
Product	$ 82,540	$ 48,154
Service & other	25,839	18,432
Total income	$ 108,379	$ 66,586
Cost of sales	45,890	30,265
Expenses:		
Res. & develop.	9,667	9,567
Sell., gen., and adm.	45,001	36,919
Merger & restruc. costs	—	15,635
Other expense	1,151	105
Inc. (loss) bef. taxes	$ 6,670	$ (25,905)
Income taxes	587	—
Net Income (Loss)	$ 6,083	$ (25,905)

* Included in Costs and Expenses, Depreciation and Amortization: $7,726,000 in 1988 and $7,858,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 6,132	$ 2,777
Accts. receiv., net	37,659	22,591
*Inventories	17,113	9,874
Prepaid expenses	3,233	2,969
Current Assets	$ 64,137	$ 38,211
#Fixed assets	15,355	15,102
Capitalized software	6,559	3,239
Deposits & other assets	3,674	2,181
Total Assets	$ 89,725	$ 58,733

Liabilities
(000's)

	1988	1987
Notes payable	$ 3,849	$ 2,621
Long-term debt, curr.	614	1,988
Accts. payable	13,293	8,037
Accrued payroll	3,667	3,577
Other accruals	5,048	4,453
Income taxes	970	382
Deferred revenue	678	861
Curr. Liabilities	$ 28,119	$ 21,919
Long-term debt	6,626	2,549
+Common stock	21	18
Add. paid-in capital	92,489	76,882
Retained earnings (deficit)	(42,026)	(48,109)
Translation adjust.	4,496	5,474
Total Liabilities & Shareholders' Equity	$ 89,725	$ 58,733

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.001 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	6.15	—
%Net Income to Sales	5.61	—
%Net Income to Equity	11.06	—
Debt to Equity	0.20	0.21
Working Capital	$ 36,018,000	$ 16,292,000
Current Ratio	2.28	1.74
Shareholders' Equity	$ 54,980,000	$ 34,265,000

Varian Associates, Inc.

611 Hansen Way
Palo Alta, California 94303
(415) 493-4000

Officers: Thomas D. Sege, chairman of the board & chief exec. officer; Norman H. Pond, president & chief operating officer; Tony Jurvetson, v.p. & pres.-Semiconductor Equipment Group; Alan J. Bennett, v.p.-research; Stanley Z. Cole, v.p.-patents & licensing; John J. Cooper, v.p.-gen. counsel; William E. Finney, v.p.; Allen J. Lauer, v.p. & pres -Instrument Group; Robert A. Lemos, v.p.-finance; Vincent J. Battaglia, v.p. & pres.-Electron Device Group; Gary E. Simpson, v.p.-corporate communications; Ernest M. Felago, v.p.-human resources; William R. Moore, secretary & associate general counsel; Wayne P. Somrak, controller; James A. Taylor, treasurer.

Directors: Thomas D. Sege*, chairman; Kenneth J. Arrow, Ruth M. Davis, C. Lester Hogan*, William F. Miller*, Gordon E. Moore, H. Myrl Stearns*, James C. Gaither*, Edward L. Ginzton*, John J. Cooper, Lewis W. Lehr*, Donald O. Pederson, Norman H. Pond, Angus A. MacNaughton, .

* Member of the Executive Committee

Areas of Work: Manufactures microwave, power and special-purpose electron tubes and devised for defense and communications; analytical instruments for science and industry; wafer-fabrication equipment for the semiconductor industry; radiation equipment for cancer therapy; vacuum equipment and leak detectors for industrial and scientific processes.

Divisions and Subsidiaries:

Electron Device Group

Microwave Tube Division
611 Hansen Way
Palto Alto, California 94303
(415) 493-4000
Klystrons, traveling-wave tubes, gyrotrons.

Image Tube Division
601 California Avenue
Palo Alto, California 94304
(415) 493-1800
Night vision devices and microchannel plates.

EIMAC Division
301 Industrial Way
San Carlos, California 94070
(415) 592-1221

1678 S. Pioneer Road
Salt Lake City, Utah 84104
(801) 972-5000
Power grid tubes, and X-ray tubes.

Solid State Microwave Division
3251 Olcott Street
Santa Clara, California 95050
(408) 988-1331
Solid state oscillators and amplifers & YIG tuned devices.

Microwave Equipment Division
3200 Patrick Henry Drive
Santa Clara, California 95050
(408) 496-6273
Power amplifiers and power supplies, microwave components, electromagnets.

Beverly Microwave Division
8 Salem Road
Beverly, Massachusetts
(617) 922-6000
Magnetrons, cross-field amplifiers, modulators, solid state, microwave components, ring-loop traveling-wave tubes, radar subsystems and receiver protectors.

Canada Microwave Division
45 River Road
Georgetown, Ontario L7G 2J4 Canada
Klystrons, traveling and millimeter-wave tubes, power supplies.

III-V Device Center
Santa Clara, California
Gallium arsenide and indium phosphide devices and integrated circuits.

Continental Electronics Division
Dallas, Texas
High-power radio transmitters.

Thorn EMI-Varian Ltd. (affiliate)
248 Blythe Road
Hayes UB3 1HR England
Microwave tubes.

Instrument Group

Analytichem International, Inc.
24201 Frampton Avenue
Harbor City, California 90710
(213) 539-6490
Sample preparation products.

Palo Alto Instrument Division
611 Hansen Way
Palo Alto, California 94303
(415) 493-4000
Nuclear magnetic resonance (NMR) spectrometers.

Walnut Creek Instrument Division
2700 Mitchell Drive
Walnut Creek, California 94587
(415) 939-2400
Gas and liquid chromatographs, data systems, laboratory information management systems.

Varian Techtron Pty. Ltd.
679 Springvale Road
Mulgrave, Victoria 3170
Melbourne, Australia
Atomic absorption and UV-Vis spectrophotometers.

Medical & Industrial Products Group

Radiation Division
611 Hansen Way
Palto Alto, California 94303
(415) 493-4000
Medical and radiographic linear accelerators, electronic radiography imaging systems.

Varian TEM, Limited
Gatwick Road
Crawley, West Sussex, England
Radiotherapy planning simulator.

Vacuum Systems Operation
3580 Bassett
Santa Clara, California 95054
(408) 986-9888
Memory disk sputtering system.

Vacuum Products Division
121 Hartwell Avenue
Lexington, Massachusetts 02173
(617) 861-7200

3100 Jay Street
Santa Clara, California 95051
(408) 727-0590

Via Varian 54
1-10040 Leini (Torino), Italy
Leak detectors; gauges; vacuum pumps, systems, and accessories.

TEL -Varian Ltd. (affiliate)
2381 Ohara, Kita Gejo Fugii-cho
Nirasaki City
Yamanashi, Japan
Ion implanters.

Semiconductor Equipment Group

Extrion Division
Blackborn Industrial Park
P.O. Box 1226
Gloucester, Massachusetts 01930
(617) 281-2000
Ion implantation equipment, rapid thermal processing equipment.

Thin Film Technology Division
611 Hansen Way
Palto Alto, California 94303
(415) 492-4000
Sputtering systems, molecular beam epitaxy systems, memory disc sputtering systems.

Special Metals Division
3515 Grove City Road
Grove City, Ohio 43123
(614) 875-7912
Special materials used in thin and thick film coating.

Fremont Division
Fremont, California
Chemical vapor deposition systems, dry etching systems.

Corporate Manufacturing

Tempe Electronics Center
Tempe, Arizona
Printed circuit board assembly.

Transfer Agent(s):

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York, Pacific

Ticker Symbol: VAR

Number of Employees:

1987	11,900
1986	11,600
1985	13,600
1984	16,000
1983	13,600

Plant Footage:

1987	4,414,000 sq. ft.
1986	4,328,000
1985	4,463,000
1984	4,600,000
1983	3,600,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 982,800,000	$ 21,365,000
1986	891,100,000	(14,870,000)
1985	935,900,000	26,122,000
1984	884,500,000	59,877,000
1983	724,300,000	44,881,000

	No. of Com. Shares †	Earn per Share #
1987	21,966,000	$ 0.98
1986	21,448,000	—
1985	21,313,000	1.19
1984	21,817,000	2.72
1983	21,408,000	2.14

(Loss)
+ Of continuing operations only.
† Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Electron devices	$ 461,000	$ 421,000
Analytical instruments	189,000	168,000
Semiconductor equip.	143,000	137,000
Medical & industrial prods	199,000	175,000
Adjust. & elimination	(9,000)	(10,000)
Total	$ 983,000	$ 891,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.26	—	—
1986	0.26	—	
1985	0.26	—	—
1984	0.26	—	—
1983	0.26	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 438,100,000	$ 19.95
1986	410,900,000	19.16
1985	429,200,000	20.14
1984	426,946,000	19.57
1983	362,500,000	16.93

+ Adjusted to reflect stock split.

Income Account

Year ended Sept. 30	1987	1986
Net sales	$ 982,776	$ 891,139
Cost of sales	676,382	646,212
Expenses	277,989	263,753
Interest expense	6,602	8,403
Interest income	([illegible],046)	(2,068)
Restruc. charges	—	15,012
Other income	(8,046)	—
Income (loss) before taxes	$ 31,895	(40,173)
Income taxes (credit)	10,530	(25,310)
Inc. (loss)- cont oper.	$ 21,365	$ (14,863)
Loss-discont. oper	—	(7)
Net Income (Loss)	$ 21,365	$ (14,870)

* Included in Costs and Expenses. Depreciation: $37,275,000 in 1987 and $32,868,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash & short-term invest.	$ 27,937	$ 7,978
Accts. receiv., net	205,242	190,403
*Inventories	230,754	211,819
Other	73,515	95,220
Current Assets	$ 537,448	$ 505,420
#Fixed assets	255,719	254,272
Other assets	36,437	30,463
Total Assets	$ 829,604	$ 790,155

Liabilities

	1987	1986
Notes payable	$ 48,806	$ 30,274
Accts. payable	57,213	49,697
Accruals	140,370	150,106
Prod. warranty	23,586	24,008
Adv. pay. from cust.	57,593	50,395
Curr. Liabilities	$ 327,568	$ 304,480
Long-term debt	38,114	50,824
Deferred inc. taxes & invest. tax credit	25,806	23,921
+Common stock	21,966	21,448
Add. paid-in capital	168,437	157,476
Retained earnings	247,713	232,006
Total Liabilities & Shareholders' Equity	$ 829,604	$ 790,155

* At lower of cost (LIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. taxes to sales	3.25	—
%Net Income to Sales	2.17	—
%Net Income to Equity	4.88	—
Sales to Inventories	4.26	4.21
Debt to Equity	0.26	0.20
Working Capital	$ 209,880,000	$ 200,940,000
Current Ratio	1.64	1.66
Shareholders' Equity	$ 438,116,000	$ 410,930,000

Veeco Instruments Inc.

(Acquired by Unitech PLC, Reading, England, on February 22, 1989.)

515 Broad Hollow Road
Melville, New York 11747
(516) 694-4200

Officers: Albert Nerken, chairman of the board; Allen E. Busching, president & chief executive officer; Edward H. Braun, executive v.p. & chief operating officer; Joshua A. Hauser, exec. v.p.-Lambda Group; Steven Goldschein, v.p.-administration, chief financial officer & treasurer; Thomas E. Heftler, secretary; Michael J. Speiller, controller & asst. secretary; Rikihiro Madarame, v.p.-Lambda Far East Operations; Dan Enzone, v.p. & gen. mgr.-Lambda Electronics Division; Irving Gutman, v.p.-Lambda Group marketing and sales; Francis Steenbeke, v.p.-Instrument Group and Automation Group.

Directors: Albert Nerken, chairman; Philip L. Defliese, David Lubart, R.C. Mercure, Jr., Joseph Ponce, Murray Rosenzweig, Edward H. Braun, Allen E. Busching, Joshua A. Hauser, Thomas E. Heftler.

Areas of Work: Designs, manufactures and markets power supply products which include standard linear and switching power supplies, power supply instrument and systems and specialty power semiconductors; a line of test instrumentation which includes helium leak detectors, surface measurement equipment, and ion etching equipment; and a flexible wafer automation fabrication system and other semiconductor wafer processing equipment.

Divisions and Subsidiaries:

Lambda Electronics Division
515 Broad Hollow Road
Melville, New York 11747

Lambda Electronics
Melville, New York
Tucson, Arizona
McAllen, Texas

Lambda Semiconductor
Corpus Christi, Texas

Lambda Semiconductor S.A.
Reynosa, Mexico

Veeco S.A.
Orsay, France

Veeco GmbH
Knorrstrasse 142
8000 Munich 45, West Germany

Veeco Integrated Automation Inc.
Dallas, Texas

Veeco K.K.
Toyko & Kitano, Japan

Veeco Instruments
Tel Aviv, Israel

Vacuum Products and Instrumentation Division
Plainview, New York

Lambda Electronique S.A.
Orsay, France

Veeco Instruments, Ltd.
High Wycombe, Bucks, England

Lambda Electronica de Mexico, S.A.
Reynosa, Mexico

Islambda Electronics Ltd.
Tel Aviv, Israel

Lambda Electronics
St. Laurent, Canada
High Wycombe, Bucks, England

Lambda Netzgerate GmbH
Achern, Germany

NEMIC-Lambda K.K. (72% interest)
Tokyo, Ibaraki & Nagaoka, Japan

Lambda Electronics Ltd.
Karmiel, Israel

NEMIC-Lambda (Singapore) Pte. Ltd.
Singapore

Lambda Magnapower, Inc.
Ronkonkoma, New York
Designs and manufactures military power supplies for airborne, shipboard and ground applications.

Sloan Technology Corp.
Santa Barbara, California
Manufactures high-precision computer-based measurement and control instrumentation for high technology thin film applications.

UPA Technology, Inc.
Syosset, New York
Manufactures instruments for measuring composition and plating thickness of coatings on electronic parts.

Lambda Novatronics Inc.
Pompano Beach, Florida
Manufactures power supplies and avionics components for military use.

Number of Employees:

1987	2,900	1984	2,300
1986	2,500	1983	2,300
1985	2,650		

Plant Footage:

1987	938,000 sq. ft.	1984	721,000
1986	771,000	1983	688,000
1985	703,000		

Sales & Earnings

1987	$ 195,590,000	$ 9,227,000
1986	167,769,000	380,000
1985	161,900,000	9,836,000
1984	167,298,000	14,933,000
1983	130,883,000	10,456,000

	No. of Com. Shares	Earn. per Share #
1987	10,579,647	$ 0.88
1986	10,487,224	0.04
1985	10,466,872	0.94
1984	10,457,244	1.43
1983	10,440,249	1.00

# Based on weighted average number of shares outstanding.

Revenues by Line of Business

	1987	1986
Power products	$ 157,150,000	$ 131,488,000
Instruments	35,837,000	30,320,000
Auto. & semiconductor equip.	2,603,000	5,961,000
Total	$ 195,590,000	$ 167,769,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.37	—	
1985	0.35	—	—
1984	0.29	—	—
1983	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 100,770,000	$ 9.52
1986	92,821,000	8.85
1985	89,389,000	8.54
1984	81,072,000	7.75
1983	70,260,000	6.73

Income Account*

Year ended Sept. 30		
Net sales	$ 195,590,000	$ 167,769,000
Cost of sales	111,635,000	105,662,000
Expenses	64,010,000	54,343,000
Interest expense	2,396,000	1,773,000
Other expense (income)	(1,243,000)	4,200,000
Income before taxes	$ 18,792,000	$ 1,791,000
Income taxes	7,880,000	233,000
Income before minority interest	$ 10,912,000	$ 1,558,000
Minority interest	1,685,000	1,178,000
Net Income	$ 9,227,000	$ 380,000

* Included n Costs and Expenses, Depreciation and Amortization: $5,401,000 in 1987 and $5,201,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 26,170,000	$ 19,124,000
Accts. receiv, net	52,947,000	44,920,000
*Inventories	44,459,000	40,140,000
Prepaid expenses	6,952,000	13,602,000
Income taxes	5,811,000	—
Current Assets	$ 136,339,000	$ 117,786,000
#Fixed assets	42,648,000	35,287,000
Other assets	2,631,000	1,429,000
Intangibles	21,876,000	2,354,000
Total Assets	$ 203,494,000	$ 156,856,000

Liabilities

Notes payable	$ 2,221,000	$ 3,506,000
Long-term debt, curr.	1,945,000	1,746,000
Accts. payable	23,325,000	16,380,000
Accruals	12,441,000	13,047,000
Income taxes	4,052,000	3,444,000
Curr. Liabilities	$ 43,984,000	$ 38,123,000
Long-term debt	43,589,000	15,301,000
Deferred taxes & credits	5,234,000	2,728,000
Minority interest	9,917,000	7,883,000
+Common stock	10,579,000	10,487,000
Add. paid-in capital	2,250,000	1,199,000
Retained earnings	80,072,000	75,059,000
Trans. adjust.	7,869,000	6,256,000
Treasury stock	—	(180,000)
Total Liabilities & Shareholders' Equity	$ 203,494,000	$ 156,856,000

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.61	1.07
%Net Income to Sales	4.72	0.23
%Net Income to Equity	4.53	0.41
Sales to Inventories	4.40	4.18
Debt to Equity	0.23	0.22
Working Capital	$ 92,355,000	$ 79,663,000
Current Ratio	3.10	3.09
Shareholders' Equity	$ 203,494,000	$ 92,821,000

Venturian Corp.

1600 Second Street South
Hopkins, Minnesota 55343
(612) 931-2500

Officers: Gary B. Rappaport, chairman of the board, president & chief exec. officer; Bradley S. Herman, v.p. & counsel; Morris M. Sherman, secretary; Mary F. Jensen, controller & treasurer; Martin J. Leff, president-Napco International, Inc.; Patrick J.C. Higgins, group vice president-Napco International, Inc.; Jack Horowitz, vice president-Napco International, Inc.; Charles B. Langevin, group vice president-Napco International, Inc.; Richard H. Liebo, vice president-Napco International, Inc.; Joanne M. Gunderson, controller & chief financial officer-Napco International, Inc.; Reinhild D. Hinze, treasurer & v.p.-operations-Napco International, Inc..

Directors: Gary B. Rappaport, chairman; Michael R. Sill, Frank D. Trestman, Morris M. Sherman.

Areas of Work: Through its wholly owned subsidiary, Napco International, Inc., the Company is a supplier of a wide variety of defense-related products to the U.S. government and to the governments of over 60 nations throughout the world.

Divisions of Napco International, Inc., a wholly owned subsidiary:

Ordnance Division
Markets spare and replacement parts for virtually every U.S.-made military wheeled and tracked vehicle.

Defense Electronics Division
Markets a broad range of electronic security and communications equipement, including a full spectrum of military radios and spare parts, and mobile support communications command posts.

Aerospace Division
Supports maintenance programs, and supplies spare parts and ground support equipment worldwide, for U.S.-manufactured planes and helicopters.

Special Products Division
Markets a wide range of weapons systems. Also markets the Napco RAIDER patrol boat and accessories for the M16 family of military rifles.

Tank Automotive Systems Division

Designs and markets modernization kits to improve the performance and increase the capabilities of a wide variety of U.S. military wheeled and tracked vehicles. Also supplies new trucks, vans and other wheeled and tracked vehicles for military, medical, industrial and construction applications.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: VENT (NASDAQ)

Number of Employees:

1988 107

Plant Footage:

1988 .... 153,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 36,518,000	$ (981,000)
1987	32,934,000	886,000
1986	36,477,000	(1,615,000)
1985	41,479,000	2,524,000
1984	52,445,000	548,000

	No. of Com. Shares	Earn. per Share ‡
1988	862,813	$ —
1987	930,663	0.89
1986	1,049,418	—
1985	1,099,000	2.28
1984	1,118,000	0.47

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	0.10	—	—
1984	0.30	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 17,594,000	$ 20.39
1987	19,415,000	20.86
1986	20,404,000	19.44
1985	22,976,000	20.90
1984	21,004,000	18.79

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 36,518	$ 32,934
Cost of sales	28,448	25,356
Expenses:		
Mktng.	3,024	3,904
Administrative	3,233	2,749
Warehousing	1,640	1,585
Interest expense	338	293
Other expense (income)	716	(980)
Unusual items	—	(994)
Income (loss) before taxes	$ (881)	$ 1,027
Income taxes	100	141
Net Income (Loss)	$ (981)	$ 886

* Included in Costs and Expenses, Depreciation and Amortization: $437,000 in 1988 and $431,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 448	$ 3,669
Marketable securities	4,598	5,599
Accts. receiv., net	12,444	8,351
*Inventories	4,049	4,264
Deferred inc. taxes	—	259
Prepaid expenses	925	363
Current Assets	$ 22,464	$ 22,505
#Fixed assets	3,671	3,098
Other assets	2,211	1,987
Total Assets	$ 28,346	$ 27,590

Liabilities
(000's)

	1988	1987
Bank overdraft	$ 773	$ —
Long-term debt, curr.	43	39
Accts. payable	4,456	2,784
Advances from cust.	89	409
Accrued payroll	635	512
Accrued commissions	303	443
Accrued warranty	121	282
Accrued rentals	332	315
Other accruals	1,561	726
Income taxes	—	45
Curr. Liabilities	$ 8,313	$ 5,555
Long-term debt	236	279
Deferred income	2,203	2,341
+Common stock	863	931
Add. paid-in capital	15,786	16,558
Retained earnings	945	1,926
Total Liabilities & Shareholders' Equity	$ 28,346	$ 27,590

* At lower of cost (specific identification) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	—	3.12
%Net Income to Sales	—	2.69
%Net Income to Equity	—	4.56
Sales to Inventories	9.02	7.72
Debt to Equity	0.02	0.02
Working Capital	$ 14,151,000	$ 16,950,000
Current Ratio	2.70	4.05
Shareholders' Equity	$ 17,594,000	$ 19,415,000

Vermont Research Corporation

Precision Park
North Springfield, Vermont 05150
(802) 886-2256

Officers: Hugh M. Taft, president & treasurer; Edward D. Winkler, Jr., controller; John G. Kristensen, clerk; Terence Wright, v.p.-engineering; Michael S. Batchelor, v.p.-international sales; John E. Dimitruk, v.p.-sales & marketing, North America.

Directors: Hugh M. Taft, Richard A. Stover, J. Franklin Jones, Jr., John G. Moody, Stuart J. Lock.

Areas of Work: Engaged in the development, design and manufacture of drums, discs and other basic memory devices for the computer industry.

Subsidiaries:

Vermont Research Limited
Cleeve Road
Leatherhead, Surrey KT227NB England

Vermont Research International Sales Corp.
Precision Park
North Springfield, Vermont 05150
(802) 886-2256

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: VRE

Number of Employees:

1988 .... N.A. 1985 88
1987 .... 113 1984 105
1986 .... N.A.

Plant Footage:

1988 .... N.A. 1987 ....38,000 sq. ft.

N.A. - Not Available

Sales & Earnings

	Net Sales	Net Income ‡
1988	$ 4,152,000	$ (2,553,000)
1987	4,838,000	(3,255,000)
1986	4,638,000	(3,258,000)
1985	7,224,000	(993,000)
1984	9,488,000	(817,000)

	No. of Com. Shares	Earn. per Share #‡
1988	2,012,818	$ —
1987	2,004,803	—
1986	1,952,933	—
1985	1,952,933	—
1984	1,952,933	—

(Loss)
‡ Including extraordinary gain of $186,000 in 1988.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 1,244,000	$ 0.62
1987	3,761,000	1.88
1986	6,600,000	3.38
1985	9,858,000	5.05
1984	10,851,000	5.42

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 4,152,000	$ 4,838,000
Cost of sales	3,089,000	4,343,000
Expenses	4,590,000	4,919,000
Interest expense	19,000	2,000
Interest income	(166,000)	(264,000)
Other income	(109,000)	(299,000)
Unusual items	(736,000)	(608,000)
Loss before taxes	$ (2,535,000)	$ (3,255,000)
Income taxes	204,000	—
Net Loss	$ (2,739,000)	$ (3,255,000)
Extraord. gain	186,000	—
Net Loss & extraord. gain	$ (2,553,000)	$ (3,255,000)

* Included in Costs and Expenses, Depreciation and Amortization: $328,000 in 1988 and $428,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 894,000	$ 2,695,000
Short-term invest.	—	1,307,000
Accts. receiv., net	582,000	739,000
Refundable income taxes	—	144,000
*Inventories	342,000	243,000
Other curr. assets	163,000	102,000
Current Assets	$ 1,981,000	$ 5,230,000
Assets held for sale	756,000	—
#Fixed assets	334,000	1,651,000
Other assets	—	6,000
Total Assets	$ 3,071,000	$ 6,887,000

Liabilities

Accts. payable	$ 303,000	$ 766,000
Accrued payroll	125,000	170,000
Other accruals	965,000	1,227,000
Inc. taxes payable	18,000	—
Curr. Liabilities	$ 1,411,000	$ 2,163,000
Accrued pension liability	416,000	963,000
+Common stock	1,028,000	1,027,000
Add. paid-in capital	5,477,000	5,475,000
Retained earnings (deficit)	(4,366,000)	(1,747,000)
For. curr. trans. adjust.	(310,000)	(310,000)
Treasury stock	(585,000)	(684,000)
Total Liabilities & Shareholders' Equity	$ 3,071,000	$ 6,887,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

Sales to Inventories	12.14	19.91
Working Capital	$ 570,000	$ 3,067,000
Current Ratio	1.40	2.42
Shareholders' Equity	$ 1,244,000	$ 3,761,000

Vicon Industries, Inc.

525 Broad Hollow Road
Melville, New York 11747
(516) 293-2200

Officers: Donald N. Horn, chairman & president; Arthur V. Wallace, executive v.p. & secretary; Kenneth M. Darby, sr. v.p.-finance, treasurer & asst. secretary; Peter A. Horn, sr. v.p.-engineering; Richard R. Perna, sr. v.p.-operations; Ronald J. Teixeira, sr. v.p.-marketing; Lawrence M. Russo, v.p.-materials; Richard P. Adam, v.p.-international sales; Donald T. Heckel, v.p.-domestic sales.

Directors: Donald N. Horn, chairman; Arthur V. Wallace, Peter F. Barry, Kenneth M. Darby, Milton F. Gidge, J. Ronald Morgan, Peter F. Neumann, Harvey Sampson, Kazuyoshi Sudo.

Areas of Work: Designs and manufactures closed circuit television equipment for the security and surveillance market. Principal products consist of pan and tilt drives and scanners, video switchers and controls, housings and enclosures, mounting accessories, consoles and lenses, as well as video cameras, monitors and video cassette recorders.

Subsidiary:

Vicon Industries (U.K.) Ltd.
Portsmouth, England

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: VII

Number of Employees:

1988	319	1985	384
1987	N.A.	1984	400
1986	366		

N.A. - Not Available.

Plant Footage:

1988	110,000 sq. ft.	1985	110,000
1987	110,000	1984	110,000
1986	110,000		

Sales & Earnings

	Net Sales	Net Income †
1988	$ 44,036,667	$ 732,344
1987	39,117,509	(508,114)
1986	33,704,000	390,049
1985	30,437,297	(162,868)
1984	29,331,255	1,906,301

	No. of Com. Share +	Earn. per Share + †
1988	2,670,000	$ 0.27
1987	2,530,000	—
1986	2,372,000	0.16
1985	2,381,974	—
1984	2,366,847	0.80

(Loss)
† Including extraordinary gain of $459,689 ($0.19 per share) in 1984.
+ Based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 17,339,477	$ 6.49
1987	16,725,329	6.61
1986	14,029,851	5.91
1985	13,532,167	5.68
1984	13,451,496	5.68

‡ Based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options.

Income Account *

Year ended Sept. 30	1988	1987
Net sales	$ 44,036,667	$ 39,117,509
Cost of sales	32,892,097	30,058,576
Expenses	9,170,624	7,772,596
Interest expense	825,602	1,149,671
Eq. in loss of affil.	50,000	—
Takeover defense cost	—	1,140,780
Income (loss) bef. taxes	$ 1,098,344	$ (1,004,114)
Income taxes (credit)	366,000	(496,000)
Net Income (Loss)	$ 732,344	$ (508,114)

* Included in Costs and Expenses, Depreciation and Amortization: $1,013,633 in 1988 and $1,161,967 in 1987.

Assets

As of Sept. 30	1988	1987
Cash	$ 382,116	$ 312,956
Accts. receiv., net	8,501,445	7,792,592
Refund. inc. taxes	—	430,000
*Inventories	18,673,826	21,076,903
Prepaid expenses	711,251	497,301
Current Assets	$ 28,268,638	$ 30,109,752
#Fixed assets	2,776,395	10,381,027
Deferred inc. taxes	612,000	—
Invest. in affil.	207,000	—
Other assets	39,823	61,501
Total Assets	$ 31,903,856	$ 40,552,280

Liabilities

Note payable	$ 722,112	$ 485,248
Long-term debt, curr.	—	500,000
Accts. payable	4,573,825	7,289,963
Accruals	761,927	820,789
Deferred income taxes	358,000	147,700
Income taxes	1,657,722	171,389
Def. gain on sale & leaseback	332,100	—
Curr. Liabilities	$ 8,405,686	$ 9,415,089
Long-term debt	3,[illegible]000	13,700,000
Deferred income taxes	—	711,862
Def. gain on sale & leaseback	2,758,693	—
+Common stock	26,679	26,679
Add. paid in capital	8,390,462	8,390,462
Retained earnings	9,001,201	8,268,857
Treasury stock	(82,901)	—
For. curr. trans.	4,036	39,331
Total Liabilities & Shareholders' Equity	$ 31,903,856	$ 40,552,280

* At lower of cost (moving average which approximates FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.49	—
%Net Income to Sales	1.66	—
%Net Income to Equity	4.22	—
Sales to Inventories	2.36	1.86
Debt to Equity	0.24	0.88
Working Capital	$ 19,862,952	$ 20,694,663
Current Ratio	3.36	3.20
Shareholders' Equity	$ 17,339,477	$ 16,725,329

Vishay Intertechnology, Inc.

63 Lincoln Highway
Malvern, Pennsylvania 19355
(215) 644-1300

Officers: Felix Zandman, president & chief executive officer; Robert A. Freece, v.p., treasurer & chief financial officer; Moshe Shamir, v.p.; William J. Spires, v.p. & secretary; Henry V. Landau, v.p..

Directors: Alfred P. Slaner, chairman; Felix Zandman, Robert A. Freece, Milton N. Scofield, Gerald N. Frank, Edward B. Shils, Carroll Novicki, Avi D. Eden, Henry V. Landau.

Areas of Work: Produces precision resistors and resistive devices, strain gages, electronic equipment to read and record the output of strain gages and strain gage transducers, services and equipment in visual and optical measurement sciences for the stress analysis field, with applications in dentistry, and technical teaching aids to colleges, technical schools, and industrial training institutes.

Divisions and Subsidiaries:

Resistive Systems Group

Resistive Systems Group Hq.
63 Lincoln Highway
Malvern, Pennsylvania 19355

Vishay de Mexico S.A.
Tijuana, Mexico

Vishay Israel, Limited
2 Haofan Street
Holon, Israel

Vishay Micromesures S.A.
98 Boulevard Gabriel Peri
Malakoff 92240 France

Nippon Vishay Co., Ltd. (K.K.)
Machimoku Bldg.
Tokyo, 194, Japan

Vishay-Mann, Ltd.
Wymondham, Norfolk NR 180RA, England

Angstrohm Precision, Inc.
Hagerstown, Maryland
San Diego, California

GEKA, S.A.
Paris, France

Measurements Group, Inc.

Measurements Group Headquarters
P.O. Box 27777
Raleigh, North Carolina 27611

Instruments Division

Photolastic Division

Education Division

Micro-Measurements Division
38905 Chase Road
Romulus, Michigan 48174

Measurements Group GmbH
8032 Lochham
Am Lochhamer Schlag 6
Munich, West Germany

Dale Electronics, Inc. (50%-owned)
1122 23rd Street
Columbus, Nebraska 68601
Manufacturer of electronic components, including resistors, inductors, connectors, transformers, plasma displays, and thermistors.

Former Corning Electronic Resistor Business

Bradford Electronics, Inc.
Bradford, Pennsylvania

Draloric Electronic GmbH
Selb, Marxgrun, Fichtelberg & Pfreind, West Germany

E-Sil Components Ltd.
Sunderland, United Kingdom

Sovcor, S.A.
Le Vesinet, France

Transfer Agent(s):

American Stock Transfer, Inc.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: VSH

Number of Employees:

1988 7,500

Sales & Earnings

	Net Sales #	Net Income
1988	$ 108,951,102	$ 15,517,265
1987	59,043,165	10,241,739
1986	58,854,795	9,337,661
1985	56,536,108	7,902,873
1984	48,531,628	6,103,046

	No. of Com. Shares ‡	Earn. per Share ‡
1988	7,914,000	$ 1.96
1987	7,387,000	1.39
1986	7,253,000	1.29
1985	7,253,000	1.09
1984	7,253,000	0.84

# Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Revenues by Line of Business

	1988	1987
Resistive syst. group	$ 78,020,606	$ 30,906,836
Measurements group	30,930,496	28,136,329
Total	$ 108,951,102	$ 59,043,165

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	5%	—
1987	—	5% & 2%	
1986	—	—	4-for-3
1985	—	—	5-for-4
1984	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 94,528,728	$ 11.94
1987	77,608,623	10.51
1986	58,931,062	7.02
1985	49,237,288	6.79
1984	41,370,002	5.70

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 108,951,102	$ 59,043,165
Cost of sales	68,552,235	32,079,281
Expenses	26,430,459	18,725,399
Eq. in inc. of affil.	(1,566,838)	(1,030,847)
Interest expense	2,350,561	1,587,931
Other income	(8,211,478)	(4,519,259)
Income before taxes	$ 21,396,163	$ 12,200,660
Income taxes	5,878,898	1,958,921
Net Income	$ 15,517,265	$ 10,241,739

* Included in Costs and Expenses, Depreciation and Amortization: $4,492,018 in 1988 and $2,782,228 in 1987.

Assets

As of June 30	1988	1987
Cash & cert. of deposit	$ 19,192,449	$ 12,564,953
Short-term invest.	4,283,110	11,465,790
Acct. receiv., net	24,759,100	12,198,028
Receiv. from affil.	10,762,405	3,371,069
Other receivables	4,000,479	640,738
*Inventories	27,198,976	17,593,501
Prepaid expenses & other assets	5,790,778	3,207,674
Current Assets	$ 95,987,297	$ 61,041,753
#Fixed assets	35,134,687	18,936,324
Equity in unconsol. affil.	45,025,272	19,613,567
Other assets	1,916,103	1,839,350
Intangibles	1,289,451	—
Total Assets	$ 179,352,810	$ 101,430,994

Liabilities

Notes payable	$ 8,401,075	$ 4,666,645
Long-term debt, curr.	10,489,670	864,472
Accts. payable	9,113,200	1,971,947
Payroll & other accrued expenses	6,232,845	3,044,107
Other accruals	8,208,190	2,113,853
Income taxes	1,041,588	1,143,160
Curr. Liabilities	$ 43,486,568	$ 13,804,184
Long-term debt	26,974,421	7,255,333
Deferred taxes	3,521,320	2,762,854
Accrued pension costs	10,841,773	—
+ Common stock	566,687	516,897
+ Class B common stock	225,122	236,259
Add. paid-in capital	54,252,629	47,058,126
Retained earnings	42,401,913	33,954,223
Note receivable	(3,010,000)	(4,280,000)
Currency translation adj.	357,333	342,869
Unearned comp.	(264,956)	(219,751)
Total Liabilities & Shareholders' Equity	$ 179,352,810	$ 101,430,994

* At lower of standard production cost or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

% Income before Taxes to Sales	19.64	20.66
% Net Income to Sales	14.24	17.35
% Net Income to Equity	16.42	13.20
Sales to Inventories	4.01	3.36
Debt to Equity	0.49	0.16
Working Capital	$ 52,500,729	$ 47,237,569
Current Ratio	2.21	4.42
Shareholders' Equity	$ 94,528,728	$ 77,608,623

Vitronics Corporation

4 Forbes Road
Newmarket Industrial Park
Newmarket, New Hampshire 03857
(603) 659-6550

Officers: James J. Manfield, Jr., chairman of the board, president & chief executive officer; George F. Soderberg, vice chairman; Elliot M. Katzman, v.p.-finance, treasurer & chief financial officer; Edward A. Richards, v.p.-sales & marketing; Donald R. James, v.p.-engineering & technical director; David L. Lougee, clerk.

Directors: James J. Manfield, Jr., chairman; George F. Soderberg, David L. Lougee, David A. Steadman.

Areas of Work: Engaged in the design, engineering, manufacture and marketing of state-of-art thermal process and associated systems for the production soldering and cleaning of surface-mounted devices to printed circuit boards. The Company's thermal process equipment is also used in the production soldering of ceramic hybrids, semiconductors and glass/epoxy and adhesive curing, thermoplastic processing, touch membrane and flexible circuit processing and graphics processing.

Subsidiaries:

Vitronics Energy Systems, Inc.
Newmarket, New Hampshire
Markets the Company's products to the electronics industry.

Vitronics Europe Limited
Plymouth, England
Manufactures and markets the Company's products for the European market.

Gram Corporation
Newmarket, New Hampshire
Manufactures aqueous cleaning equipment used primarily in the manufacture and assembly of electronic components.

Acquisition:

Micro Electronics Systems Corporation
3 Quarry Road
Brookfield, Connecticut 06804
(203) 775-1440
Manufactures a variety of products for sale to the surface mount and electronics industries.

Vitronics Corporation

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American

Ticker Symbol: VTC

Number of Employees:

1988	133	1987	95

Plant Footage:

1988	71,000 sq. ft.	1987	50,500

Sales & Earnings

	Net Sales	Met Income †
1988	$ 16,544,000	$ 528,000
1987	10,527,000	612,000
1986	7,162,000	302,000
1985	3,707,000	54,000
1984	1,981,000	8,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	4,182,000	$ 0.13
1987	4,170,000	0.15
1986	3,789,000	0.08
1985	3,368,000	0.02
1984	2,627,000	—

† Including extraordinary gains of $30,000 ($0.01 per share) in 1988 and $95,000 ($0.03 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 5,337,000	$ 1.28
1987	4,492,000	1.08
1986	4,128,000	1.09
1985	1,803,000	0.54
1984	1,671,000	0.64

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 16,544,000	$ 10,527,000
Cost of sales	8,658,000	5,569,000
Expenses:		
Research & develop.	1,166,000	437,000
Sell., gen., & adm.	5,458,000	3,506,000
Loss on writedown of solvent cleaners	205,000	—
Other expense (income)	354,000	(77,000)
Income before taxes	$ 703,000	$ 1,092,000
Income taxes	205,000	480,000
Net Income	$ 498,000	$ 612,000
Extraord. gain	30,000	—
Net Income & extraord. gain	$ 528,000	$ 612,000

* Included in Costs and Expenses, Depreciation and Amortization: $347,000 in 1988 and $172,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 2,638,000	$ 1,083,000
Accts. receiv., net	3,366,000	3,314,000
Refund. inc. taxes	373,000	—
*Inventories	2,751,000	1,602,000
Prepaid inc. taxes	247,000	93,000
Other curr. costs	251,000	112,000
Current Assets	$ 9,626,000	$ 6,204,000
Investments	557,000	883,000
#Fixed assets	840,000	643,000
Other assets	1,421,000	642,000
Total Assets	$ 12,444,000	$ 8,372,000

Liabilities

	1988	1987
Notes payable	$ 270,000	$ 986,000
Long-term debt, curr.	130,000	20,000
Accts. payable	1,382,000	863,000
Income taxes	153,000	568,000
Other current liabilities	1,395,000	655,000
Curr. Liabilities	$ 3,330,000	$ 3,092,000
Long-term debt	3,777,000	788,000
+Common stock	42,000	41,000
Add. paid-in capital	4,251,000	4,120,000
Retained earnings	1,213,000	685,000
For. curr. trans.	32,000	(6,000)
Unrealized loss on eq. secur.	(201,000)	(348,000)
Total Liabilities & Shareholders' Equity	$ 12,444,000	$ 8,372,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	4.25	10.37
%Net Income to Sales	3.01	5.81
%Net Income to Equity	9.33	13.62
Sales to Inventories	6.01	6.57
Debt to Equity	0.78	0.40
Working Capital	$ 6,296,000	$ 3,112,000
Current Ratio	2.89	2.01
Shareholders' Equity	$ 5,337,000	$ 4,492,000

W.W. Grainger, Inc.

5500 West Howard Street
Skokie, Illinois 60077
(312) 982-9000

Officers: David W. Grainger, chairman; Wiley N. Caldwell, president; James M. Baisley, v.p. & gen. counsel; David K. Barth, v.p.-planning & development; Edward C. Bender, v.p.-information services; Donald E. Bielinski, v.p.-finance; Lee J. Flory, v.p. & secretary; Jere D. Fluno, vice chairman; Neal Ormond, III, v.p.-human resources; Robert D. Pappano, v.p. & treasurer; Richard D. Quast, v.p.-real estate; Paul J. Wallace, v.p. & controller.

Directors: David W. Grainger, chairman; George R. Baker, Wiley N. Caldwell, Kingman Douglass, Robert E. Elberson, Jere D. Fluno, Wilbur H. Gantz, James D. Slavik, Harold Byron Smith, Jr., Fred L. Turner.

Areas of Work: Nationwide distributor of equipment, components, and supplies to the commercial, industrial and contractor markets.

Divisions:

Specialty Distribution
Buffalo Grove, Illinois

Distribution Group
Chicago, Illinois

Transfer Agent(s):

The First National Bank of Boston
Capital Markets Technologies/Shareholder Services
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Midwest

Ticker Symbol: GWW

Number of Employees:

1988	7,209	1985	5,195
1987	6,258	1984	4,905
1986	5,578		

Sales & Earnings

	Net Sales +	Net Income
1988	$ 1,535,468,000	$ 108,832,000
1987	1,320,797,000	90,506,000
1986	1,159,595,000	86,112,000
1985	1,091,590,000	71,775,000
1984	1,022,526,000	68,942,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	27,786,971	$ 3.92
1987	28,843,674	3.14
1986	29,118,125	2.96
1985	29,047,970	2.47
1984	28,990,432	2.38

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.86	—	—
1987	0.78	—	
1986	0.71	—	—
1985	0.665	—	—
1984	0.615	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 635,482,000	$ 22.87
1987	581,213,000	20.15
1986	582,091,000	19.99
1985	518,234,000	17.84
1984	463,874,000	16.00

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 1,535,468	$ 1,320,797
Cost of sales	1,005,668	870,968
Expenses	351,972	292,472
Interest expense	1,561	2,725
Interest income	(3,841)	(7,395)
Other expense (income)	382	(462)
Income before taxes	$ 179,726	$ 162,489
Income taxes	70,894	71,983
Net Income	$ 108,832	$ 90,506

* Included in Costs and Expenses, Depreciation and Amortization: $28,517,000 in 1988 and $22,667,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 72,575	$ 48,403
Marketable securities	6,600	10,000
Accts. receiv., net	182,836	150,302
*Inventories	329,947	342,218
Prepaid expenses	3,967	4,026
Deferred inc. tax benefits	23,674	19,276
Current Assets	$ 619,599	$ 574,225
#Fixed assets	308,639	250,510
Other assets	7,975	7,332
Total Assets	$ 936,213	$ 832,067

Liabilities
(000's)

	1988	1987
Long-term debt, curr.	$ 15,544	$ 35,700
Accts. payable	144,620	94,309
Accured profit-sharing	22,679	19,138
Other accruals	41,472	37,073
Income taxes	12,557	14,676
Curr. Liabilities	$ 236,872	$ 200,896
Long-term debt	16,532	7,012
Deferred inc. taxes	47,327	42,946
+Common stock	27,172	27,712
Add. paid-in capital	40,163	34,467
Retained earnings	568,147	519,034
Total Liabilities & Shareholders' Equity	$ 936,213	$ 832,067

* At lower of cost (LIFO) or market.
# Less accumulated depreciation or amortization.
+ $1 par value.

Statistical Summary

	1988	1987
%Income bef. Taxes to Sales	11.70	12.30
%Net Income to Sales	7.09	6.85
%Net Income to Equity	17.13	15.57
Sales to Inventories	4.65	3.86
Debt to Equity	0.05	0.07
Working Capital	$ 382,727,000	$ 373,329,000
Current Ratio	2.62	2.86
Shareholders' Equity	$ 635,482,000	$ 581,213,000

Wang Laboratories, Inc.

One Industrial Avenue
Lowell, Massachusetts 01851
(508) 459-5000

Officers: An Wang, chairman of the board & chief exec. officer; Harry H.S. Chou, vice chairman; Frederick A. Wang, president & chief operating officer; Eugene M. Bullis, sr. v.p., chief financial officer, treasurer & corporate controller; Edward D. Grayson, sr. v.p., general counsel, clerk & secretary; Raymond C. Cullen, Jr., sr. v.p.; Ian Diery, exec. v.p.-field operations; Edward J. Devin, sr. v.p.; Michael P. Downes, sr. v.p.-manufacturing; Louis B. Green, sr. v.p.; Arend Vleggeert, sr. v.p.; Paul Guzzi, sr. v.p.; Horace Tsiang, sr. v.p. & chief development officer; Harold P. Ano, sr. v.p. & gen. mgr.-Microsystems Division; John T. Chambers, sr. v.p.-Americas, Asia/Pacific operations; Ronald A. Smith, sr. v.p.-Eastern U.S. operations; Edward V. Yang, sr. v.p.-Western U.S. operations.

Directors: An Wang, chairman of the board; Peter A. Brooke, Frederick A. Wang, Lorraine C. Wang, Harry H.S. Chou, Martin Kirkpatrick, Louis W. Cabot, Ernest F. Stockwell, Jr., Howard R. Swearer, Paul E. Tsongas.

Areas of Work: Designs, manufactures, markets and services computers and related peripheral devices for the office automation marketplace. These products are combined into systems which perform data processing, word processing, audio processing and image processing functions and include networking products which enable such systems to communicate with each other.

Subsidiaries:

Wang Computer Pty., Ltd.
Box 407, Milsons Point
Sydney, N.S.W. 2061, Australia

Wang Gesellschaft m.b.H
Linke Wienzeille 234
A-1150 Vienna, Austria

Wang Europe S.A./N.V.
350, Avenue Louise
1050 Brussels, Belgium

Wang Canada, Ltd.
225 Duncan Mills Road
1st Floor
Don Mills, Ontario, Canada M3B 3K9

Wang Industrial Co. Ltd.
Taipei, Taiwan

Wang Computer China, Ltd.
Beijing, China

Wang (UK) Ltd.
Wang House
661 London Road
Isleworth
Middlesex, TW7 4EH, United Kingdom

Wang Computer Limited
Hazama Building 14th Floor
5-8, Kita Aoyama 2-Chome
Minato-Ku, Tokyo 107, Japan

Wang Europe S.A./N.V.
Luxembourg

Wang New Zealand Limited
Eden House
44 Khyber Pass Road
Aukland, New Zealand

Wang Computer (Pte.) Ltd.
101 Thomson Road, 12-00
Gold Hill Square
Singapore 1130, Republic of Singapore

Wang France S.A.
Tour Gallieni 1
78/80 Avenue Gallieni
93170 Bagnolet, France

Wang Deutschland, GmbH
Lyoner Strasse 26
Postfach 710 570 6000, West Germany

Wang Nederland B.V.
Postbus 4
4100 AA Culemborg, Netherlands

Wang Svenska AB
Dalvagen 8
Box 1196
S-171 23 Solna, Sweden

Wang Italia, S.p.A.
Centro Terziario
Strada Statale, Padana Superoire
Vimodrone 20090
Milano, Italy

Wang (Schweiz) A.G.
Talackerstrasse 7
8152 Glattbrugg
P.O. Box 8065
Zurich, Switzerland

Wang Pacific Limited
31st Floor, Hennessy Centre
Causeway Bay
500 Hennessy Road,
Hong Kong

Wang Computadoras, Inc.
Banco Popular Center
Suite 1501
Hato Rey 00918, Puerto Rico

Wang Ireland Limited
Wang House
Harcourt Centre
Harcourt Street
Dublin 2, Ireland

Wang de Panama S.A.
Apartado 6425
Ave. Justo Arosemena
Cale 44, Bella Vista
Panama City 5, Panama

Wang de Panama S.A.
Costa Rica

Wang de Mexico S.A. de C.V.
Mexico

Wang Computer Korea, Ltd.
South Korea

Wang Espana S.A.
Spain

Informatics Legal Systems
Phoenix, Arizona

Wang Credit Corporation
Lowell, Massachusetts

Wang Development & Investment Corporation
Lowell, Massachusetts

Wang Information Services Corp.
Lowell, Massachusetts
Telecommunications and voice mail services.

Wang Financial Information Services Corp.
New York, New York
Provides market data services for the brokerage, banking and insurance industries.

InteCom Inc.
Allen, Texas

Wang Communications, Inc.
Arlington, Virginia

Transfer Agent(s):

Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): American, Swiss

Ticker Symbol: WAN

Number of Employees:

1988	31,516	1985	31,061
1987	30,306	1984	30,646
1986	31,628		

Plant Footage:

1988	3,000,000 sq. ft.	1986	N.A.
1987	2,800,000	1985	3,197,000

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income
1988	$ 3,068,400,000	$ 92,700,000
1987	2,836,700,000	(70,700,000)
1986	2,642,500,000	50,900,000
1985	2,351,700,000	15,500,000
1984	2,184,700,000	210,200,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	165,700,000	$ 0.56
1987	159,800,000	—
1986	146,600,000	0.35
1985	141,100,000	-0.11
1984	138,100,000	1.52

(Loss)
‡ Based on the weighted average number of Class B Common and Class C Common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988 Class B	$ 0.16	—	—
1988 Class C	0.11	—	
1987 Class B	0.16	—	—
1987 Class C	0.11	—	—
1986 Class B	0.16	—	—

+ Adjusted to reflect stock split.
# In the form of a dividend of one share of Class B Common Stock for each share of Class B Common Stock and Class C Common stock issued.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 1,586,100,000	$ 9.67
1987	1,486,200,000	9.15
1986	1,447,600,000	9.59
1985	1,248,300,000	8.93
1984	1,249,400,000	9.01

‡ Adjusted to reflect stock split.

Income Account *

Year ended June 30	1988	1987
Net sales	$ 2,008,200,000	$ 1,933,700,000
Other income	1,060,200,000	903,000,000
Total income	$ 3,068,400,000	$ 2,836,700,000
Cost of sales	1,511,700,000	1,607,400,000
Expenses	1,383,100,000	1,225,000,000
Interest expense	54,900,000	56,000,000
Inc. (loss) bef. taxes	$ 118,700,000	$ (51,700,000)
Income taxes	26,000,000	19,000,000
Net Income (Loss)	$ 92,700,000	$ (70,700,000)

* Included in Costs and Expenses, Depreciation: $276,200,000 in 1988 and $253,600,000 in 1987.

Assets

As of June 30	1988	1987
Cash	$ 27,300,000	$ 22,300,000
Short-term invest.	127,600,000	157,300,000
Accts. receiv., net	532,600,000	576,100,000
*Inventories	387,600,000	412,100,000
Prepaid expenses & other curr. assets	102,500,000	82,500,000
Current Assets	$ 1,177,600,000	$ 1,250,300,000
#Fixed assets	782,700,000	778,100,000
#Spare parts	391,000,000	374,700,000
Investments	216,600,000	176,900,000
Other assets	270,100,000	232,400,000
Total Assets	$ 2,838,000,000	$ 2,812,400,000

Liabilities

Notes payable	$ 12,800,000	$ 8,300,000
Commercial paper	56,500,000	—
Long-term debt, curr.	53,400,000	83,200,000
Accts. payable	407,200,000	391,000,000
Unearned serv. revenue	166,100,000	148,000,000
Income taxes	6,700,000	16,500,000
Dividends payable	6,500,000	6,400,000
Curr. Liabilities	$ 709,200,000	$ 653,400,000
Long-term debt	537,100,000	667,500,000
Deferred inc. taxes	5,600,000	5,300,000
+ Class B Common	79,100,000	78,300,000
+ Class C Common	2,900,000	2,900,000
Add. paid-in capital	947,800,000	931,200,000
For. curr. trans. adj.	(72,100,000)	(88,100,000)
Retained earnings	629,100,000	562,700,000
Treasury stock	(700,000)	(800,000)
Total Liabilities & Shareholders' Equity	$ 2,838,000,000	$ 2,812,400,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Total Income	3.87	—
%Net Income to Total Income	3.02	—
%Net Income to Equity	5.84	—
Debt to Equity	0.38	0.51
Working Capital	$ 468,400,000	$ 596,900,000
Current Ratio	1.66	1.91
Shareholders' Equity	$ 1,586,100,000	$ 1,486,200,000

Washington Scientific Industries, Inc.

2605 West Wayzata Boulevard
Long Lake, Minnesota 55356
(612) 473-1271

Officers: C.W. Dinsmore. president & chief exec. officer; Terry J. Blount, v.p.-human resources; Bernard E. Kinney, v.p.-finance; William J. Lucke, v.p.-contract services & Power Components Division; George E. Rathke, v.p.-contract services, marketing & corp. planning; William M. Booth, v.p.; Gerald E. Magnuson, secretary.

Directors: A.E. Abramson, Warren G. Christianson, C.W. Dinsmore, Mrs. Lawrence V. Hastings, Melvin L. Katten, Gerald E. Magnuson, George J. Martin, Stewart Pfannstiehl, T.E. Larsen, Eugene Mora.

Area of Work: The Company, through its two operating divisions, manufactures precision-machined metal and plastic injection molded components and subassemblies, hydraulic motors and mechanical power transmission gearboxes for a variety of industries.

Divisions:

Contract Services Division
Power Components Division

Acquisition:

Advanced Custom Molders, Inc.
Georgetown, Texas
Manufactures precision plastic components for a variety of industries.

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WSCI (NASDAQ)

Number of Employees:

1988	685	1986	404
1987	393	1985	518

Sales & Earnings

	Net Sales	Net Income
1988	$ 42,650,000	$ 69,000
1987	35,442,000	1,698,000
1986	31,008,000	376,000
1985	34,927,000	2,078,000
1984	24,799,000	1,469,000

	No. of Com. Shares ‡	Earn per Share ‡
1988	2,461,831	$ 0.03
1987	2,475,779	0.69
1986	2,437,471	0.15
1985	2,412,425	0.86
1984	2,365,815	0.62

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Contract services	$ 32,252,000	$ 29,267,000
Power components	5,874,000	6,175,000
Plastic injection molding	4,524,000	—
Total	$ 42,650,000	$ 35,442,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.15	—	—
1987	0.15	—	
1986	0.10	—	—
1985	0.09	—	—
1984	0.067	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 15,873,000	$ 6.44
1987	16,298,000	6.56
1986	14,804,000	6.04
1985	14,534,000	5.99
1984	12,536,000	5.30

Income Account *

Year ended	8/28/88	8/30/87
Net sales	$ 42,649,916	$ 35,441,604
Cost of sales	35,781,457	28,494,314
Expenses	3,899,496	4,031,469
Prov. for costs rel. to restruc.	2,429,000	—
Interest expense	631,179	641,873
Interest income	(621,074)	(360,912)
Bad debt recov.	—	(699,743)
Income before taxes	$ 529,858	$ 3,334,603
Income taxes	461,000	1,637,000
Net Income	$ 68,858	$ 1,697,603

* Included in Costs and Expenses, Depreciation and Amortization: $2,606,751 in 1988 and $2,366,457 in 1987.

Assets

As of	8/28/88	8/30/87
Cash	$ 464,685	$ 257,288
Temp. cash invest.	2,800,000	8,657,908
Accts. receiv, net	6,804,256	3,706,656
Refundable taxes	272,000	—
Deferred tax charges	388,000	—
*Inventories	5,462,021	3,630,575
Prepaid expenses	204,064	204,925
Current Assets	$ 16,395,026	$ 16,457,352

#Fixed assets	14,253,822	10,325,671
Other assets	400,958	561,961
Intangibles	3,554,516	518,040
Total Assets	$ 34,604,322	$ 27,863,024

Liabilities

Note payable	$ 2,325,000	$ 300,000
Long-term debt. curr.	1,139,222	236,241
Accts. payable	4,191,425	1,558,942
Accrued payroll	1,584,788	1,045,130
Accrued pension contrib.	177,099	121,295
Prov. for costs rel. to restruc.	336,947	—
Accrued real est. taxes	174,233	158,531
Other accruals	853,139	253,315
Curr. Liabilities	$ 10,781,853	$ 3,673,454
Long-term debt	6,597,564	6,748,287
Deferred inc. taxes	1,352,133	1,142,876
+Common stock	246,621	248,446
Add. paid-in capital	1,152,699	943,124
Retained earnings	14,473,452	15,106,837
Total Liabilities & Shareholders' Equity	$ 34,604,322	$ 27,863,024

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. taxes to Sales	1.24	9.41
%Net income to Sales	0.16	4.79
%Net Income to Equity	0.43	10.42
Sales to Inventories	7.81	9.76
Debt to Equity	0.63	0.45
Working Capital	$ 5,613,173	$ 12,783,898
Current Ratio	1.52	4.48
Shareholders' Equity	$ 15,872,772	$ 16,298,407

Waters Instruments, Inc.

2411 Seventh Street, N.W.
Valley High Industrial Park
Rochester, Minnesota 55903
(507) 288-7777

Mailing Address:
P.O. Box 6117
Rochester, Minnesota 55903-6117

Officers: George F. Waters, chairman of the board; Thomas A. Burton, president & chief exec. officer; Richard E. Thompson, v.p.-Farm Products Group; Robert D. Dunbar, v.p.-Sub-Contract Group; George Sedivy, v.p.-engineering & product development; James M. Liberko, secretary & treasurer.

Directors: Charles A. Elliott, J. William McRoberts, George F. Waters, Thomas A. Burton, James A. Hornig, Charles G. Schiefelbein, Stewart D. Siebens.

Groups:

Farm Products Group
Rochester, Minnesota
Manufactures electric fence chargers for farm use.

Sub Contract Group
Rochester, Minnesota
Engaged in sub-contract manufacturing of cable harness assemblies and other electric or mechanical assemblies for computer equipment manufacturers.

Medical Group
Rochester, Minnesota
Produces electro-medical equipment and analytical instruments for hospital and laboratory use. Oximeters for measuring the oxygen saturation of human blood, cardiac out-put computers for determining heart function and "MOX" 100 kidney preservation equipment used in kidney transplant surgery.

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
South St. Paul, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WTRS (NASDAQ)

N. A- Not available.

Sales & Earnings

	Net Sales	Net Income ‡
1989	$ 12,300,000	$ 284,000
1988	12,210,000	361,000
1987	11,909,000	102,000
1986	10,805,000	(71,000)
1985	14,674,000	449,000

	No. of Com. Shares †	Earn. per Share ‡ +
1989	1,445,871	$ 0.20
1988	1,445,871	0.25
1987	1,433,071	0.07
1986	1,428,964	—
1985	1,415,445	0.31

(Loss)
‡ Including extraordinary gain of $301,000 ($0.21 per share) in 1988.
† Adjusted to reflect stock split.
+ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1989	1988
Sub-contract group	$ 4,138,000	$ 3,824,000
Farm products group	5,980,000	6,328,000
Medical group	2,182,000	2,058,000
Total	$ 12,300,000	$ 12,210,000

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1989	$ 0.08	—	—
1988	0.05	—	
1987	0.05	—	3-for-2
1986	0.07	—	—
1985	0.07	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share
1989	$ 5,555,000	$ 3.84
1988	5,387,000	3.73
1987	5,042,000	3.52
1986	4,995,000	3.50
1985	5,171,000	3.62

Income Account

Year ended Jan. 31	1989	1988
Net sales	$ 12,300,000	$ 12,210,000
Cost of sales	9,462,000	9,066,000
Expenses	2,952,000	2,586,000
Oper. profit (loss)	$ (114,000)	$ 558,000
Interest income	(88,000)	(59,000)
Interest expense	39,000	63,000
Other income	—	(33,000)
Inc. (loss) bef. taxes	$ (65,000)	$ 587,000
Income taxes (credit)	(48,000)	226,000
Net Income (Loss)	$ (17,000)	$ 361,000
Extraord. gain	301,000	—
Net Income (Loss) & extraord. gain	$ 284,000	$ 361,000

* Included in Costs and Expenses, Depreciation and Amortization: $225,000 in 1989 and $218,000 in 1988.

Assets

As of Jan. 31	1989	1988
Cash & marketable secur.	$ 1,909,000	$ 1,469,000
Receiv., net	1,567,000	1,707,000
*Inventories	2,648,000	2,502,000
Prepaid expenses	95,000	35,000
Current Assets	$ 6,219,000	$ 5,713,000
#Fixed assets	1,183,000	1,278,000
Other assets	63,000	70,000
Intangibles	227,000	245,000
Total Assets	$ 7,692,000	$ 7,306,000

Liabilities

Notes payable	$ 46,000	$ 102,000
Accts. payable	739,000	588,000
Accrued payroll	578,000	419,000
Accrued inc. taxes	295,000	234,000
Other accruals	171,000	170,000
Curr. Liabilties	$ 1,829,000	$ 1,513,000
Long-term debt	308,000	390,000
Deferred inc. taxes	—	16,000
+Common stock	144,000	144,000
Add. paid-in capital	1,208,000	1,208,000
Retained earnings	4,203,000	4,035,000
Total Liabilities & Shareholders' Equity	$ 7,692,000	$ 7,306,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.81
%Net Income to Sales	—	2.96
%Net Income to Equity	—	6.70
Sales to Inventories	4.65	4.88
Debt to Equity	0.06	0.09
Working Capital	$ 4,390,000	$ 4,200,000
Current Ratio	3.40	3.78
Shareholders' Equity	$ 5,555,000	$ 5,387,000

Watkins-Johnson Company

Stanford Research Park
3333 Hillview Avenue
Palo Alto, California 94304-1204
(415) 493-4141

Officers: Dean A. Watkins, chairman of the board; H. Richard Johnson, vice chairman; W. Keith Kennedy, Jr., president & chief executive officer; Keith D. Gilbert, v.p.-Devices Group; William E. Kunz, v.p.-Systems Group; Bernard Rosen, v.p.; Ronald D. Lessack, v.p.; Barry R. Hoglund, v.p.; Paul Y. Lin, v.p.; Peter S. Pao, v.p.-Electronic Equipment Group; Carol H. Roosen, secretary; Alfred C. Montaudon, treasurer; Carl L. Avelar, v.p. & controller; Richard P. Hollis, v.p..

Watkins-Johnson Company

Directors: Dean A. Watkins, chairman; H. Richard Johnson, John J. Hartmann, Rita R. Campbell, Jack L. Shepard, Von R. Eshleman, Raymond F. O'Brien, W. Keith Kennedy, Jr..

Areas of Work: Engaged in the development, design and production of receiving equipment for surveillance, direction finding and countermeasures; antenna-to-data-reduction reconnaissance and surveillance systems; solid-state amplifiers, travelling-wave and backward-wave tubes and oscillators, tuners, receivers and computer-controlled microwave receiving systems.

Divisions:

Systems Group

Electronic Equipment Group

Devices Group

Subsystems Division
SSE Division
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Federal Systems Division
Columbia, Maryland

CEI Division
Gaithersburg, Maryland

Subsidiaries:

Watkins-Johnson Associates
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Watkins-Johnson International
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Watkins-Johnson Limited
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Watkins-Johnson Italiana, S.p.A.
Rome, Italy

Watkins-Johnson FSC
Foreign Sales Corporation

Watkins-Johnson (UK) Limited
England

Transfer Agent(s):

Bank of America
Corporate Agency Service Center
P.O. Box 37002
San Francisco, California 94137

Stock Exchange(s): New York, Philadelphia, Pacific, Boston

Ticker Symbol: WJ

Number of Employees:

1988	3,150	1985	3,110
1987	3,130	1984	3,050
1986	3,150		

Sales & Earnings

	Net Sales	Net Income
1988	$ 292,205,000	$ 20,598,000
1987	264,251,000	17,116,000
1986	255,382,000	17,241,000
1985	232,587,000	18,437,000
1984	210,510,000	21,898,000

	No. of Com. Shares +	Earn. per Share +
1988	8,380,888	$ 2.46
1987	8,364,303	2.05
1986	8,752,569	1.97
1985	9,490,402	1.94
1984	9,671,430	2.26

+ Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1988	1987	1986	1985
Systems	60 %	52 %	51 %	56 %
Devices	40	48	49	44
Total	100 %	100 %	100 %	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.40	—	—
1987	0.40	—	
1986	0.40	—	2
1985	0.36	—	—
1984	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 134,097,000	$ 16.00
1987	116,470,000	13.92
1986	102,557,000	11.72
1985	105,868,000	11.16
1984	115,174,000	11.91

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 292,205,000	$ 264,251,000
Cost of sales	184,226,000	166,576,000
Expenses	76,180,000	67,151,000
Interest income	(947,000)	(246,000)
Interest expense	1,973,000	2,029,000
Income before taxes	$ 30,773,000	$ 28,741,000
Income taxes	10,175,000	10,950,000
Cum. effect of acctng. change	—	675
Net Income	$ 20,598,000	$ 17,116,000

* Included in Costs and Expenses, Depreciation and Amortization: $12,214,000 in 1988 and $11,582,000 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 24,507,000	$ 13,844,000
Receiv., net	73,038,000	65,246,000
*Inventories	43,493,000	39,702,000
Other curr. assets	3,519,000	3,280,000
Current Assets	$ 144,557,000	$ 122,072,000
#Fixed assets	52,388,000	53,042,000
Other assets	12,704,000	13,077,000
Total Assets	$ 209,649,000	$ 188,191,000

Liabilities

Notes payable	$ 529,000	$ 556,000
Accts. payable	12,204,000	10,869,000
Payroll & prof. sharing	16,832,000	15,476,000
Advances on contracts	8,848,000	8,447,000
Income taxes	1,748,000	1,867,000
Guarantee under term. contract	1,875,000	1,875,000
Other curr. liabilities	9,640,000	7,357,000
Curr. Liabilities	$ 51,676,000	$ 46,447,000
Long-term oblig.	23,876,000	25,274,000
+ Common stock	8,097,000	7,715,000
Retained earnings	126,000,000	108,755,000
Total Liabilities & Shareholders' Equity	$ 209,649,000	$ 188,191,000

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.53	10.88
%Net Income to Sales	7.05	6.48
%Net Income to Equity	15.36	14.70
Sales to Inventories	6.72	6.66
Debt to Equity	0.18	0.22
Working Capital	$ 92,881,000	$ 75,625,000
Current Ratio	2.80	2.63
Shareholders' Equity	$ 134,097,000	$ 116,470,000

Wavetek

9145 Balboa Avenue
San Diego, California 92123
(619) 279-2200

Officers: David B. Pivan, chairman of the board; C. Fredrick Sehnert, president & chief exec. officer; Lawrence C. Dolan, v.p.-sales & marketing; John F. Kessler, chief financial officer; Daniel L. Sullivan, v.p.-human resources; Sandra M. Walker, secretary.

Directors: David B. Pivan, chairman; C. Fredrick Sehnert, David M. Goodman, J. Garrett Fitzgibbons, Joel A. Naive, Katherine P. Naive, John M. Thornton.

Areas of Work: Designs, manufactures and sells electronic test and measurement equipment used in a variety of industrial, laboratory and defense applications involving the evaluation and manufacture of electronic circuits and related equipment.

Subsidiaries:

Wavetek RF Products, Inc.
5808 Churchman
Indianapolis, Indiana 46107
(317) 788-9351

Wavetek Electronics GmbH
Hans-Pinsel-Strasse 9-10
8013 Haar bei Munchen, Federal Republic of Germany

Wavetek Microwave, Inc.
488 Tasman Drive
Sunnyvale, California 94089

Wavetek San Diego, Inc.
9045 Balboa Avenue
San Diego, California 92123

Datron Instruments, Ltd.
Hurricane Way
Norwich NR6 6JB, England
Designs, develops and manufactures premium digital multimeters, calibrators, waveform analyzers and pulse generators.

Transfer Agent(s):

California First Bank
P.O. Box 2529
8155 Mercury Court
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WVTK (NASDAQ)

Number of Employees:

1988 .... 1,007 1986 1,082
(53 1985 1,047
1987 .... 1,248 1984 1,232

N.A. – Not Available.

Sales & Earnings

	Net Sales #	Net Income †
1988	$ 84,293,000	$ (7,614,000)
1987*	82,536,000	3,850,000
1986	73,824,000	3,081,000
1985	75,409,000	(14,316,000)
1984	81,478,000	1,394,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	8,889,000	$ —
1987*	9,193,000	0.42
1986	9,120,000	0.34
1985	9,074,000	—
1984	9,078,000	0.15

(Loss)
* 53 weeks.
# Of continuing operations only; includes other income.
† Including extraordinary gain of $824,000 ($0.09 per share) in 1987.
‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 58,205,000	$ 6.55
1987	68,442,000	7.45
1986	64,163,000	7.04
1985	60,478,000	6.66
1984	75,006,000	8.26

Income Account *

Year ended Sept. 30	1988 (53 weeks)	1987
Net sales	$ 84,293,000	$ 82,536,000
Cost of sales	43,356,000	39,521,000
Expenses	43,791,000	38,752,000
Prov. for restruc. of oper.	2,904,000	—
Lawsuit settlement	2,400,000	—
Interest expense	569,000	381,000
Interest income	(338,000)	(1,861,000)
Income (loss) bef. taxes	$ (8,389,000)	$ 5,743,000
Income taxes (credit)	(775,000)	2,717,000
Net Income (Loss)	$ (7,614,000)	$ 3,026,000
Extraord. gain	—	824,000
Net Income (Loss) & extraord. gain	$ (7,614,000)	$ 3,850,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,904,000 in 1988 and $3,817,000 in 1987.

Assets

As of Sept. 30	1988	1987
Cash & cash equiv.	$ 2,331,000	$ 7,735,000
Receiv., net	18,787,000	20,283,000
Income taxes refundable	387,000	156,000
*Inventories	26,874,000	25,194,000
Other assets	633,000	793,000
Current Assets	$ 49,012,000	$ 54,161,000
#Fixed assets	22,951,000	23,823,000
Long-term receiv.	246,000	1,119,000
Goodwill	13,125,000	13,134,000
Other assets	71,000	95,000
Total Assets	$ 85,405,000	$ 92,332,000

Liabilities

Notes payable	$ 7,433,000	$ 447,000
Long-term debt. curr.	224,000	833,000
Accts. payable	4,832,000	4,735,000
Income taxes	957,000	984,000
Accrued payroll	2,225,000	3,541,000
Accrued commissions	1,236,000	1,517,000
Other liab.	5,132,000	3,387,000
Accrued restruc. costs	529,000	2,072,000
Curr. Liabilities	$ 22,568,000	$ 17,516,000
Long-term debt	2,878,000	2,883,000
Deferred inc. taxes	1,754,000	3,491,000
+Common stock	8,888,000	9,169,000
Add. paid-in capital	41,946,000	43,215,000
Retained earnings	7,635,000	16,163,000
Cum. trans. adj.	(264,000)	(105,000)
Total Liabilities & Shareholders' Equity	$ 85,405,000	$ 92,332,000

* At cost (FIFO) not in excess of market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.96
%Net Income to Sales	—	3.67
%Net Income to Equity	—	4.42
Sales to Inventories	3.14	3.28
Debt to Equity	0.18	0.06
Working Capital	$ 26,444,000	$ 36,645,000
Current Ratio	2.17	3.09
Shareholders' Equity	$ 58,205,000	$ 68,442,000

Weldotron Corporation

1532 South Washington Avenue
Piscataway, New Jersey 08854-3816
(201) 752-6700
(212) 227-6663

Officers: Martin Siegel, president; Seymour G. Siegel, v.p.-finance, secretary and treasurer; Albert W. Sanders, v.p. & controller.

Directors: Martin Siegel, chairman; Seymour G. Siegel, Thomas E. Constance, Isidore Siegel, Robert P. Gibbons, Albert H. Cohen.

Areas of Work: Develops and manufactures industrial packaging systems, including a line of packaging machinery and unit load handling systems for industrial applications; food packaging systems, electronic systems using infra-red light and radio frequency sensing fields for safety of automation; controls for monitoring high-speed machinery; audio/visual, video and microcomputer equipment for schools, industry and institutions.

Divisions and Subsidiaries:

Industrial Packaging Systems
1532 S. Washington Avenue
Piscataway, New Jersey 08854

Food Packaging Systems
1532 S. Washington Avenue
Piscataway, New Jersey 08854

Communications & Controls
Piscataway, New Jersey

Vision System Technologies
Valiant, IMC

Omnipack Machinery Corp.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American

Ticker Symbol: WLD

Number of Employees:

1987 .... 361 1984 .... N.A.
1986 .... N.A. 1983 350
1985 409

N.A. - Not Available.

Plant Footage:

1987 .... 226,000 sq. ft. 1984 265,000
1986 .... 265,000 1983 265,000
1985 265,000

Sales & Earnings

	Net Sales	Net Income †
1988	$ 37,450,550	$ (655,644)
1987*	25,111,983	(1,516,144)
1986	34,091,197	642,513
1985	33,571,831	1,696,400
1984	30,701,692	1,461,600

	No. of Com. Shares ‡	Earn. per Share ‡ †
1988	1,826,721	$ —
1987*	1,822,733	—
1986	1,821,933	0.35
1985	1,819,396	0.93
1984	1,690,404	0.86

* 10 months.
† Including extraordinary gains of $142,000 ($0.08 per share) in 1986 and $37,000 ($0.02 per share) in 1985.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 15,557,074	$ 8.52
1987	15,881,417	8.71
1986	17,676,839	9.70
1985	16,968,245	9.33
1984	15,282,691	9.04

† Based on the weighted average number of shares outstanding.

Income Account

Year ended	2/29/88	2/28/87
Net sales	$ 37,450,550	$ 25,111,983
Other income	542,547	300,224
Eq. in inc. of subsid.	58,679	167,100
Total income	$ 38,051,776	$ 25,579,307
Cost of sales	27,145,773	18,550,247
Expenses	10,346,767	9,131,833
Depreciation & amortization	764,451	599,882
Interest expense	648,388	533,953
Minority interest	4,041	(49,464)
Loss on securities	485,000	—
Loss before taxes	$ (1,342,644)	$ (3,187,144)
Tax credit	(687,000)	(1,671,000)
Net Loss	$ (655,644)	$ (1,516,144)

Assets

As of	2/29/88	2/28/87
Cash	$ 869,873	$ 709,272
Short-term investments	2,118,775	—
Accts. & notes receiv., net	8,454,519	6,511,368
*Inventories	14,040,158	15,467,297
Prepaid expenses	326,874	959,738
Other curr. assets	691,441	583,975
Prepaid inc. taxes	537,712	129,115
Current Assets	$ 27,039,352	$ 24,360,765
Marketable securities	—	2,590,375
#Fixed assets	3,021,397	3,171,321
Invest. in subsid.	704,211	645,532
Other assets	536,979	484,726
Total Assets	$ 31,301,939	$ 31,252,719

Liabilities

Short-term borrowings	$ 2,839,004	$ 2,658,802
Accts. payable	4,278,223	2,982,560
Accrued payroll	1,059,261	720,532
Cust. deposits	693,768	1,202,744
Other curr. liabilities	1,088,968	1,138,273
Deferred inc. taxes	487,490	719,303
Long-term debt, curr.	830,743	648,507
Curr. Liabilties	$ 11,277,457	$ 10,070,721
Long-term debt	3,926,557	4,767,527
Deferred inc. taxes	211,853	281,131
Deferred compensation	293,000	209,000
Minority interest	35,998	42,923
+Common stock	94,136	93,764
Add. paid-in capital	8,714,912	8,686,836
Retained earnings	6,819,677	7,475,321
For. curr. trans. adjust.	51,706	79,628
Treasury stock	(123,357)	(123,357)
Loss on marketable securities	—	(330,775)
Total Liabilities & Shareholders' Equity	$ 31,301,939	$ 31,252,719

* At LIFO cost.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

Sales to Inventories	2.67	1.62
Debt to Equity	0.49	0.51
Working Capital	$ 15,761,895	$ 14,290,044
Current Ratio	2.40	2.42
Shareholders' Equity	$ 15,557,074	$ 15,881,417

Wells-Gardner Electronics Corporation

2701 North Kildare Avenue
Chicago, Illinois 60639
(312) 252-8220

Officers: Albert S. Wells, Jr., chairman, chief executive and operating officer; Thomas Miller, dir.-engineering; Richard L. Conquest, chief financial officer & secretary; Randall S. Wells, exec. v.p. & gen. mgr.; Lawrence J. Brady, v.p. & sales mgr..

Directors: T.S. Corwin, Allan Gardner, Frank S. Righeimer, Jr., Albert S. Wells, Jr., James J. Roberts, Jr., William K. Moloney.

Areas of Work: Engaged in the manufacture and assembly of video monitors, data display monitors, switching power supplies and optical touch screens.

Divisions and Subsidiaries:

Data Display Division
Produces videomonitors.

Video Games Division
Supplies monochrome and color raster and vector monitors to the coin-operated video game industry.

Energetic Systems, Inc
Designs, manufactures and markets 100kHz switching power supplies.

Transfer Agent(s):

Harris Bank
111 West Monroe Street
Chicago, Illinois 60690

Stock Exchange(s): American

Ticker Symbol: WGA

Number of Employees:

1988	285	1985	285
1987	270	1984	335
1986	270		

Plant Footage:

1988	270,000 sq. ft.	1985	270,000
1987	270,000	1984	296,000
1986	270,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 35,687,000	$ 878,000
1987	29,304,000	796,000
1986	20,219,000	(190,000)
1985	18,504,000	(342,000)
1984	17,803,000	(2,156,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1988	3,760,189	$ 0.23
1987	3,705,748	0.21
1986	3,599,328	—
1985	3,596,809	—
1984	3,594,240	—

(Loss)
‡ Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.07	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 14,407,504	$ 3.83
1987	13,667,619	3.69
1986	12,373,657	3.44
1985	12,564,012	3.49
1984	12,900,473	3.59

† Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 35,686,995	$ 29,304,113
Cost of sales	31,345,265	25,462,233
Expenses	3,749,910	3,666,985
Other income	(651,685)	(759,929)
Income bef. taxes	$ 1,243,505	$ 934,824
Income taxes	365,622	138,919
Net Income	$ 877,883	$ 795,905

* Included in Costs and Expenses, Depreciation and Amortization: $437,585 in 1988 and $385,850 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 84,712	$ 144,547
Refund inc. taxes	—	4,534
Accts. receiv., net	5,291,539	3,105,624
Short-term invest.	1,013,891	4,463,891
*Inventories	11,115,130	7,130,938
Prepaid expenses	336,921	194,411
Current Assets	$ 17,842,193	$ 15,043,945
Long-term bond	25,000	25,000
Investments	118,293	132,345
#Fixed assets	2,109,950	2,038,129
Total Assets	$ 20,095,436	$ 17,239,419

Liabilities

Accts. payable	$ 4,281,022	$ 1,681,390
Accruals	955,522	1,145,110
Income taxes payable	220,860	467,864
Curr. Liabilities	$ 5,457,404	$ 3,294,364
Deferred inc. taxes	230,528	277,436
+Common stock	3,748,695	3,740,820
Add. paid-in capital	533,082	488,910
Retained earnings	10,193,500	9,578,552
Unearned comp.	(67,773)	(140,663)
Total Liabilities & Shareholders' Equity	$ 20,095,436	$ 17,239,419

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.48	3.19
%Net Income to Sales	2.46	2.72
%Net Income to Equity	7.70	5.82
Sales to Inventories	3.21	4.11
Working Capital	$ 12,384,789	$ 11,749,581
Current Ratio	3.27	4.57
Shareholders' Equity	$ 14,407,504	$ 13,667,619

Western Digital Corporation

2445 McCabe Way
Irvine, California 92714
(714) 863-0102

Officers: Robert W. Johnson, chairman of the board, president & chief executive officer; A.J. Moyer, sr. v.p.-finance & chief financial officer; Chester A. Brown, Jr., v.p. & gen. mgr.-Imaging Business Unit; Robert L. Erickson, v.p.-law & administration & secretary; Alan J. Mattal, sr. v.p.-government programs; Kathryn A. Braun, sr. v.p. & gen. mgr.-Storage & Systems Components Business Unit; Bob L. Corey, v.p., controller & chief accounting officer; C. William Frank, v.p. & gen. mgr.-Strategic Products Business Unit; John R. MacKay, sr. v.p.-manufacturing operations; John J. Petersen, v.p.-quality & technology; Joseph F. Pleso, v.p. & managing dir.-international sales; Robert N. Stephens, v.p. & gen. mgr.-Communications & Subsystems Products Business Unit.

Directors: Robert W. Johnson, chairman of the board; Donn B. Tatum, William C. May, Ryal R. Poppa, Robert C. Wilson, I.M. Booth, Andre R. Horn, Irwin Federman, John S. Mayo.

Areas of Work: Designs and manufactures very-large-scale integrated circuits, board-level and subsystem products that are critical to the operation of microcomputers and other microprocessor-controlled systems. Principal products include Winchester disk drives, Winchester hard disk controllers, and video controllers for use in personal computers, storage management, video, integrated systems and communications.

Subsidiaries:

Western Digital (Malaysia) SDN BHD
Kuala Lumpur, Malaysia
Assembles semiconductor devices.

Western Digital Ireland Ltd.
Dublin Hill, Cork, Ireland
Manufactures board products.

Western Digital Caribe, Inc.
Ponce/Mercedit, Puerto Rico
Manufactures board products.

Adaptive Data Systems, Inc.
Irvine, California
Manufactures a series of products in the high-performance small computer interface market.

Paradise Systems, Incorporated
Mountain View, California
Designs and markets video controller boards and related integrated circuit devices.

Faraday Electronics, Inc.
Sunnyvale, California
Manufactures highly integrated chip sets that support the core logic functions of the microcomputer.

Acquisition:

Verticom Inc.
Sunnyvale, California
Manufactures high-performance graphics display controllers and subsystems.

Transfer Agent(s):

First Interstate Bank of California
707 Wilshire Boulevard
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: WDC

Number of Employees:

1988	6,582	1985	2,614
1987	3,338	1984	2,112
1986	2,468		

Plant Footage:

1988	1,010,800 sq. ft.	1986	621,000
1987	524,000	1985	554,800

Sales & Earnings x

	Revenues +	Net Income †
1988	$ 768,320,000	$ 43,429,000
1987	481,368,000	45,822,000
1986	300,300,000	23,157,000
1985	189,162,000	(4,170,000)
1984	118,204,000	6,088,000

	No. of Com. Shares	Earn. per Share † ‡
1988	27,531,629	$ 1.53
1987	27,173,556	1.79
1986	23,310,129	1.03
1985	21,390,054	—
1984	17,081,108	0.35

(Loss)
x Restated to include operations of Faraday Electronics, Inc., acquired on a pooling of interests basis.
+ Of continuing operations only.
† Including extraordinary gains of $460,000 ($0.02 per share) in 1988, $5,402,000 ($0.21 per share) in 1987, $1,612,000 ($0.07 per share) in 1986 and $200,000 ($0.01 per share) in 1985.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity x

	Total Equity	Equity Per Share
1988	$ 254,974,000	$ 9.26
1987	206,764,000	7.61
1986	107,028,000	4.59
1985	72,920,000	3.41
1984	43,413,000	2.54

x Restated.

Income Account *

Year ended June 30	1988	1987‡
Revenues	$ 768,320	$ 481,368
Cost of sales	541,055	304,080
Expenses	170,269	121,243
Interest expense	1,920	877
Income before taxes	$ 55,076	$ 55,168
Income taxes	12,107	14,748
Net Income	$ 42,969	$ 40,420
Extraord. gain	460	5,402
Net Income & extraord. gain	$ 43,429	$ 45,822

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $18,042,000 in 1987 and $13,392,000 in 1986.

Assets
(000's)

As of June 30	1988	1987‡
Cash & cash equiv.	$ 28,531	$ 64,326
Accts. receiv., net	195,866	80,137
*Inventories	152,292	76,370
Prepaid expenses	5,359	1,649
Current Assets	$ 382,048	$ 222,482
#Fixed assets	121,329	75,559
Other assets	47,329	16,135
Total Assets	$ 550,706	$ 314,176

Liabilities
(000's)

Short-term borrowings & long-term debt, curr.	$ 2,482	$ 1,006
Oblig. under cap. leases, curr.	9,191	7,407
Accounts payable	121,175	48,123
Accruals	39,288	18,172
Income taxes	6,109	3,553
Current Liabilities	$ 178,245	$ 78,261
Long-term debt	92,320	7,705
Cap. lease oblig.	18,207	17,796
Deferred inc. taxes	6,960	3,650
+Common stock	2,753	2,717
Add. paid-in capital	145,499	142,858
Ret. earnings	106,722	63,293
Notes receiv. from stock trust	—	(2,104)
Total Liabilities & Shareholders' Equity	$ 550,706	$ 314,176

‡ Restated.
* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. taxes to Revenues	7.17	11.46
%Net Income to Revenues	5.59	8.40
%Net Income to Equity	16.85	19.55
Debt to Equity	0.48	0.16
Working Capital	$ 203,803,000	$ 144,221,000
Current Ratio	2.14	2.84
Shareholders' Equity	$ 254,974,000	$ 206,764,000

Western Microwave Laboratories, Inc.

1271 Reamwood Avenue
Sunnyvale, California 94089
(408) 734-1631

Officers: Ken Schoniger, chairman, president & chief executive officer; James B. Greer, treasurer, controller & secretary; Ferenc A. Marki, v.p.-microwave signal processing division, Fred R. Oliveri, v.p.-passive microwave technology division..

Directors: Ken Schoniger, chairman; H. E. Rumsey , J. K. Leidecker, W. H. Kuntz, Ronald O. Huch, Julian S. Lake.

Areas of Work: Develops and manufactures microwave ferrite components (isolators and circulators) and microwave integrated components (RF front end assemblies, mixers, isolator couplers and image reject mixers) for commercial and military applications.

Divisions:

Microwave Signal Processing Division
Passive Microwave Technology Division

Transfer Agent(s):

Bank of America
Corporate Agency Service Center
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WMIC (NASDAQ)

Sales & Earnings

	Net Sales #	Net Income ‡
1987	$ 12,910,761	$ (214,893)
1986	14,393,057	338,215
1985	13,848,864	808,138
1984	7,845,922	246,683
1983	5,377,663	232,217

	No. of Com. Shares	Earn. per Share ‡
1987	1,530,947	$ —
1986	1,526,239	0.21
1985	1,477,145	0.53
1984	1,448,882	0.17
1983	1,421,532	0.20

(Loss)
# Of continuing operations only.
‡ Including extraordinary gains of $18,600 ($0.01 per share) in 1985, and $54,162 ($0.05 per share) in 1983.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 5,710,688	$ 3.73
1986	5,943,295	3.89
1985	5,478,070	3.71
1984	4,601,672	3.18
1983	4,316,758	3.04

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 12,910,761	$ 14,393,057
Cost of sales	9,809,931	10,539,726
Expenses	3,405,511	3,346,755
Other income	(91,968)	(153,752)
Interest expense	158,177	176,913
Income (loss) bef. taxes	$ (370,890)	$ 483,415
Income taxes (credit)	(155,997)	145,200
Net Income (Loss)	$ (241,893)	$ 338,215

* Included in Costs and Expenses, Depreciation and Amortization: $794,914 in 1987 and $867,047 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 114,391	$ 707,989
Cert. of deposit	1,199,000	1,200,000
Accts. receiv., net	3,365,426	2,540,777
Income tax receivable	175,000	186,000
*Inventories	2,304,744	2,221,877
Prepaid expenses	67,541	49,701
Deferred taxes	123,500	119,500
Current Assets	$ 7,349,602	$ 7,025,844
#Fixed assets	1,187,439	1,742,367
Other assets	131,902	177,540
Total Assets	$ 8,668,943	$ 8,945,751

Liabilities

Notes payable	$ 215,840	$ 215,840
Accts. payable	801,327	751,352
Accruals	582,128	731,504
Curr. Liabilities	$ 1,599,295	$ 1,698,696
Note payable	1,358,960	1,303,760
+ Common stock	153,094	152,623
Add. paid-in capital	4,332,193	4,350,378
Ret. earnings	1,298,401	1,513,294
Receiv. from stockholders	(73,000)	(73,000)
Total Liabilities & Shareholders' Equity	$ 8,668,943	$ 8,945,751

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	—	3.36
% Net Income to Sales	—	2.35
% Net Income to Equity	—	5.69
Sales to Inventories	5.60	6.48
Debt to Equity	0.28	0.26
Working Capital	$ 5,750,307	$ 5,327,148
Current Ratio	4.60	4.14
Shareholders' Equity	$ 5,710,688	$ 5,943,295

Westinghouse Electric Corporation

Westinghouse Building
Gateway Center
Pittsburgh, Pennsylvania 15222
(412) 244-2000

Officers: John C. Marous, chairman & chief executive officer; Paul E. Lego, president & chief operating officer; Gary M. Clark, executive v.p.-industries; William A. Coates, executive v.p.; George C. Dorman, executive v.p.-human resources & total quality; Roy V. Gavert, Jr., executive v.p.; Richard A. Linder, executive v.p.-electronic systems; William A. Powe, executive v.p.-chairman-Westinghouse Financial Services; Harry F. Murray, executive v.p.-finance; Robert F. Pugliese, executive v.p.-legal & corporate affairs; Maurice C. Sardi, executive v.p.-commercial; Burton B. Staniar, executive v.p.-chairman-Westinghouse Broadcasting; Theodore Stern, executive v.p.-energy & utility systems; John B. Yasinsky, executive v.p.-world resources & technology; George C. Dorman, executive v.p.-human resources & total quality; Joseph W. Baker, v.p.-utility delivery systems; Frank R. Bakos, v.p.-power generation; Isaac R. Barpal, v.p.-research & development; Joseph L. Becherer, v.p.-distribution & control; Charles E. Bell, Jr., v.p.-central region; Robert V. Billings, v.p.-pension investments & investor relations; Edward G. Bittner, v.p.-materials divisions; Barton S. Brodkin, president-Westinghouse Beverage Group; Thomas P. Costello, president-Thermo King Corporation; John H. Courcoulas, v.p.-Europe, Africa & Middle East; Robert E. Faust, v.p.-controller; John H. Fooks, v.p.-corporate productivity & quality; H. Joe Frazier, president-Westinghouse Communities, Inc.; August W. Frisch, v.p.-general tax counsel; Warren H. Hollinshead, v.p.-corporate development; William M. Jacobi, v.p.-government operations; Carl R. Johnson, v.p.-Southeastern region; Margaret M. Kennedy, administrative asst. to the chairman; Donald C. Korb, treasurer; David L. Litten, v.p.-Midwestern region; Anthony A. Massaro, Jr., v.p.-industries & environmental services; Alan J. Meilinger, v.p.-purchases, traffic & real estate; James S. Moore, president-Westinghouse Savannah River Company; Bruce W. Morrison, v.p.-Atlantic region; Hercules Paxinos, v.p.-New York Metropolitan region; Samuel R. Pitts, v.p.-environmental affairs; Edward B. Priestner, president-Westinghouse Canada, Inc.; Richard J. Slember, v.p.-energy systems; William T. Taylor, president-Westinghouse Electric Supply Company; A. Richard Whittemore, v.p.-Western region; F. Leo Wright, v.p.-governmental affairs; J. Stanley Wyble, v.p.-Southwestern region; John A. Petrarca, asst. controller.

Directors: John C. Marous, chairman; Donald F. Hornig, Richard R. Pivirotto, David T. McLaughlin, Hays T. Watkins, Barbara H. Franklin, Robert W. Campbell, Rene C. McPherson, John B. Carter, Richard M. Morrow, Frank C. Carlucci, Paul E. Lego.

Areas of Work: The principal business activity of Westinghouse is the manufacture and sale of equipment for the generation, transmission, utilization and control of electricity. Included among the products of the Corporation are electrical and mechanical equipment required by power companies, railroads, city transit systems and industrial plants, propulsion and electrical equipment for the United States Navy and the marine industry, electrical and electronic systems, instrumentation and other equipment for the aerospace industry.

Westinghouse develops, designs and furnishes nuclear power plants, equipment and fuel for the generation of electricity.

Some Westinghouse products, such as motors and control devices, are used by other manufacturers as components for their products. The Corporation manufactures electronic products for the United States Government and its allies. These products include surveillance and fire control radars, command and control systems, electronic countermeasures equipment, electro-optical and spaceborne sensors, missile launching and handling equipment, torpedoes, sonar and communications equipment.

Westinghouse supplies products to the construction industry and engages in conventional construction activities. It also is engaged in land development and sales.

Westinghouse Broadcasting Company owns and operates 14 radio stations, five television stations and a production company that produces syndicated television programs.

Westinghouse Learning Corporation offers various educational services and materials to schools; sells language instruction courses.

In commercial activities, Westinghouse subsidiaries bottle and distribute various soft drink brands; manufacture, assemble and sell wrist watches and other timepieces under the Longines-Wittnauer, LeCoultre and Jubilee trade names.

Westinghouse Credit Corporation engages in the extension of credit in transactions secured by real or personal property and in leasing transactions including leverage leasing.

Westinghouse is engaged in the distribution outside the United States of electrical and other products, primarily those manufactured by Westinghouse. Such distribution is accomplished through a wholly owned subsidiary and through company representatives and independent distributors. The corporation also has a number of subsidiaries outside the United States, the majority of which are engaged in the manufacture and sale of electrical generation, transmission, utilization and control equipment, and consumer products.

Electronics & Related Divisions & Subsidiaries:

Advanced Reactors Division
Waltz Mill, Pennsylvania

Development of advanced designs and concepts of commercial atomic power, including breeder reactors. Comprehensive services in chemical analyses and postirradiation analyses and examination of nuclear fuel and reactor components.

Aerospace and Electronic Systems/Systems Development Division
Baltimore, Maryland

Producer of airborne and surface-based radars, communications, command and control, and related electronic systems. Aerospace activities include development and production of sophisticated avionics systems. These include advanced airborne ECM systems, weapon delivery systems, electro-optical systems for reconnaissance and remote sensing, and airborne surveillance radar for airborne early warning and control. Surface-based activities include tactical and shipboard radars, range instrumentation systems, strategic defense systems, and air traffic control systems. Military command and control systems, tactical and strategic communications, displays and computer systems.

Aerospace Electrical Division
Lima, Ohio

Electric power systems, generators, motors, control apparatus, power conditioning and conversion equipment, and support equipment for military and commercial aircraft, missiles, spacecraft, undersea and ground vehicles.

Astronuclear Laboratory
Large, Pennsylvania

Nuclear, power-reactor and isotope for space, terrestrial, undersea, and other advanced applications; high temperature materials development, and testing and application, thermo-electric environmental control systems, Silicon Carbide devices, non-destructive test equipment, high temperature thermocouples.

Bryant Division
Bridgeport, Connecticut

Wiring devices; switches, receptables, wall plates, plugs, connectors, lampholders and starters; outdoor fixtures for reflector backed lamps and photo electric controls; circuit breakers and load centers; ground fault protectors and multimetering; electric heating; baseboard, ceiling cable, unit heaters, duct heaters, strip heaters, wall heaters.

Computer and Instrumentation and Industry Systems Divisions
Pittsburgh, Pennsylvania

Complete digital, analog and combined process control systems and related services for application in the following areas: Automotive, Adaptive Control; Batch Blending; By-Products; Chemical; Cement; Communications; Data Acquisition, Collection and Processing; Dispatching and Distribution; Display; Electronic Component Testing; Environmental Measurements; Fluid Flow, Pressure, Temperature and Level; Gas Distribution; Glass; Heating and Air Conditioning; Machine Tool-Direct Numerical; Marine; Metallurgical; Mining and Ore Processing; Oxygen Monitoring and Control; Petro-Chemical; pH and Conductivity; Plastics, Pollution; Power Generation, Transmission and Distribution; Process Industries; Pulp and Paper; Refineries; Rubber, Security; Scientific; Security and Environmental; Steel; Supervisory; Systems Field Engineering; Customer Training; Traffic; Warehousing and Inventory; Water and Waste Treatment.

Control Products Division
Beaver, Pennsylvania

Control for motors, starters, contactors, relays, pushbuttons; safety switches and enclosed breakers. Numalogic Solid State Control.

Distribution Apparatus Division
Bloomington, Indiana

Capacitors; lighting arresters; fuse cutouts; surge protection devices; reclosers; vacuum circuit breakers; air load-break switches; oil switches; T-Tap switches, linetraps; potential devices.

Electric Distribution Laboratory
Coral Springs, Florida

Constant testing and evaluation conducted under actual living environmental conditions with variables introduced by the resident population, weather, etc., encompasses 70 homes and apartments in a new city subdivision permitting use of the latest technology in electric power distribution without traditional hindrance from normal constraints such as codes and legal requirements.

Electromechanical Division
Cheswick, Pennsylvania

Main coolant pumps, valves, control rod drive mechanisms; and other specialized apparatus for nuclear reactors; pumps for controlled circulation boilers.

Electronic Systems Support Division
Cockeysville, Maryland

Nuclear Instrumentation and Control Systems-military and commercial; Integrated Logistics Support Systems-technical training operations, supply support, maintenance planning, field integration and services, support equipment, technical data, facility planning; Electronic Protection Systems-for government and industry.

Westinghouse Elevator Company
Millburn, New Jersey
Manufacturing, sales, service, modernization and maintenace of elevators, escalators and walkways.

General Control Division
Buffalo, New York
Motor starters and controllers; special purpose control; control components; pilot devices; transfer switches.

Chicago, Illinois
Control centers and Type W Jr. group control.

Industry Equipment Division
Sykesville, Maryland
Electric arc welders; electronic beam welders; electrodes, accessories; brazing alloys; laser systems; power sources, induction heating equipment, ultrasonic devices for cleaning and processing equipment.

Industrial Systems Division
Buffalo, New York
Design and project management of large electrical drive systems and products for the industrial process and manufacturing systems and all the general industries. Component groupings include adjustable speed drives, crane drives, inverters, rectifiers, programmable controllers, numerical control and automatic material handling systems.

Industry Services Division
Pittsburgh, Pennsylvania

Apparatus Service Divisions
Pittsburgh, Pennsylvania
Sixty apparatus service plants and 75 engineering services locations strategically located domestically to service all industries around the clock. Modern facilities and engineering skills are available to maintain, repair and modernize mechanical and electrical equipment regardless of original manufacture. Also manufacturing and repair and engineering services are available at various locations throughout the world.

Westinghouse Instrument Service Co.
Atlanta, Georgia
Instrumentation and control capabilities include installation, calibration, commissioning, start-up, maintenance, instrumentation repair facilities.

Westinghouse Non-Current Renewal Parts & Special Products Plant
Pittsburgh, Pennsylvania
Manufacturer of specialty products including non-current apparatus and parts. Product lines include: A.C. and D.C. motors and gearmotors, transportation motors, industrial control, pushbuttons, knife switches, circuit breakers, pantagraphis, bolt heaters and carbon brushes.

Marine Division
Sunnyvale, California
Marine propulsion steam turbines and reduction gears; ship's service turbine generator sets, Nuclear components manufacture, electrical, mechanical and shock mitigation components for missile and rocket programs, missile launching and handling equipment, sub-sea oilwell equipment.

Meter Division
Raleigh, North Carolina
Watthour, demand, recording meters, sockets and accessories. Pulse equipment for electric utility automated system analysis, planning, billing and environmental monitoring, and range timers.

Power Systems Planning
Advanced Systems Technology
Pittsburgh, Pennsylvania
Provides a large library of digital power system planning and analysis programs available through mail order consulting or via remote terminals. Operates Anascom analogue computer for transient analysis, mobile laboratories for field transient measurements, oscillography lab for field use, electromagnetic compatibility measurements. Contracts research and development services, from feasibility studies to project management and construction, for prototype systems in generation, transmission and distribution.

Relay-Instrument Division
Newark, New Jersey
Electrical measuring instruments of all types; protective relays and relaying systems; relay instrument switchboards; control and data systems.

Research Laboratories
Pittsburgh, Pennsylvania
Basic and applied research in chemistry, physics, mathematics, energy systems, solid state sciences, solid state devices, materials, materials processing, instrumentation, systems, communication, control electronics, power electronics, oceanography, and georesearch. Work done primarily in support of Westinghouse operating divisions, but also conducts contract research for the U.S. Government.

Semiconductor Division
Youngwood, Pennsylvania
Silicon rectifier diodes, silicon controlled rectifiers, silicon power transistors, silicon rectifier and controlled rectifier assemblies.

Specialty Transformer Division
Greenville, Pennsylvania
Specialty transformers, saturable core inductors, Navy dry type transformers; constant voltage and filtering transformers; load centers 30 kva and below.

Switchgear Division
East Pittsburgh, Pennsylvania
Assembled switchgear; high voltage fuses, network protectors; generator voltage regulators and automatic synchronizers; disconnect switches, substation structures, switchgear components, medium and low voltage air circuit breakers; control switches (type W); switchgear accessories; draw-out load interrupter switchgear.

Transformer Divisions

Large Power Transformer Division
Muncie, Indiana
Power transformers above 30,000 kva: liquid immersed shunt reactors above 10,000 kva, regulating and furnace transformers above 30,000 kva.

Medium Power Transformer Division
Sharon, Pennsylvania
Power transformers 10,001 to 60,000 kva; substation transformers 5,001 to 10,000 kva; grounding and rectifier transformers; dry type distribution transformers; dry type power center transformers 112-1/2 to 2500 kva; regulating and furnace transformers 30,000 kva and below; current and potential transformers; metering units.

Small Power Transformer Division
South Boston, Virginia
Liquid immersed (oil or Inerteen) auto transformers, network transformers; pad-mounted transformers; substation transformers and underground transformers 501 to 5,000 kva, and power center (secondary unit substations) 112-1/2 to 2500 kva.

Overhead Distribution Transformer Division
Athens, Georgia
Overhead liquid immersed distribution transformers.

Underground Distribution Transformer Division
Jefferson City, Missouri
Underground distribution transformers and equipment.

Oceanic Division
Annapolis, Maryland
Surveillance; sonar detection; data handling and display; instrumentation; oceanographic systems and equipment; flow meters; life support equipment; underwater systems, equipment and associated support items; torpedoes; advanced weapons; mine, weapon and CW countermeasures.

Westinghouse Tele-Computer Systems Corporation
Pittsburgh, Pennsylvania
A wide range of user-oriented problem-solving services involving both manuel and computer-based information sytems. Computing services, consulting services, data processing services, software services, tele-communications services; warehouse information systems.

Compagnie des Dispositifs Semiconducteurs
Westinghouse S.A.
B.P. 107
Avenue George-Durand
72 Le Mans, France
Assemblies, silicon rectifier and controlled rectifier; battery chargers, battery charging control; bridges, silicon rectifier and controlled rectifier, power supplies, and battery chargers, rectifier assemblies, rectifier diodes, silicon; semiconductors; silicon controlled rectifiers; silicon rectifiers.

Fusibles Westinghouse de Puerto Rico, Inc.
Luquillo, Puerto Rico
Power fuses.

Ind[illegible]selet, S.A.
Osa[illegible] S.P., Brazil
Circuit breakers; enclosed circuit breakers; power centers; reactors; substations, CSP, transformers, distribution; transformers, power.

Marimi and Aminelli S.A.
Sao Paulo, Brazil
Disconnect switches; automated circuit breakers; push buttons; minimum oil circuit breakers; power fuses; bus duct; outdoor disconnect switches; switchboard and cubicles.

Semiconductors Westinghouse, Inc.
Gurabo, Puerto Rico
Medium and high power thyristors, rectifiers and bridge assemblies.

Servicios Industriales Westinghouse
Una Division de Venwesa
Apartado 542
Zona Industrial
Maracaibo, Venezuela
Room air conditioners; circuit breakers; control centers; group control; motor controls; power, regulating, synchronizing systems; freezers; fuses, power; motors; network protectors; network protector relays; panelboards; power centers; power centers for construction applications; refrigerators, domestic; regulators; relators, feeder voltage; repair service; static exciters; substation structures; substations; switchboards; switches; switchgear, accessories switchgear, assembled; synchronizers, generator; transformers, distribution; power transformers; turbine supervisory instrumentation.

Standard-Waygood, Ltd.
P.O. Box 13 Miowera Road
Willawood, N.S.W., 2163, Australia
Electrical adjustable speed drives, hi-torque assemblies, silicon rectifier and controlled rectifier, bus duct; circuit breakers; control centers, control, crane and defense; control, general mill; control, group; control, machine tool; control, materials handling; control, metal mill; control, numerical; control systems, electrical; drives, adjustable speed, electrical; induction heating equipment; installation supervision, electrical apparatus; instructional services; inverters; staticlarge dc motors; network protectors; network protector relays; numerical control; panelboards; power centers; power supplies, dc and battery chargers; reactors; rectifier assemblies; rectifier equipment, power, regulated systems; regulators, feeder voltage; service, electric (field engineering); substation, CSP; switchboards; switchgear; systems, industrial; transformers; self-contained power, unit substations.

Transformadores Westinghouse, Inc.
P.O. Box 127
Road 30, K.M.6.0.Barrio Rincon
Gurabo 00658, Puerto Rico
Transformers for general purpose applications.

Tubos Electronicos Westinghouse, Inc.
P.O. Box 127
Road 30, M.6.0.Barrio Rincon
Gurabo 00658, Puerto Rico
Electronic tubes.

Tyree Industries, Ltd.
P.O. Box 315
Liverpool, N.S.W. 2170, Australia
Capacitors; line traps, carrier; potential devicers, capacitors; reactors; power transformers; distribution transformers; instrument transformers.

Westinghouse Breakers, Inc.
Puerto Rico
Manufacture and assembly of circuit breakers.

Westinghouse Canada Limited
286 Sanford Avenue North
P.O. Box 510
Hamilton, Ontario, Canada
Adjustable speed drives-electrical; adjustable speed drives-mechanical, air cleaning units; air conditioners; central air conditioning; air handling lighting fixtures; air handling units; airport lighting regulators (solid state); lighting arresters; audio tone relaying systems; automatic dispatching control; automatic transfer switches; ballasts, lighting; bases, lightbulb and electron tube; battery charging control; blowers; bus duct; bus, high voltage; capacitors; carrier relaying systems; circuit breakers; circuit breakers, molded case, loadcenter; circuit breakers, vacuum; commercial lighting; computerized metering systems; computer, digital; conductors, cooper and aluminum; contactors, ac and dc;

control centers; control components; control components, ac; control components, ac and dc; control, crane and defense; control devices; control, general mill; control, group; control, machine tool; control, materials handling; control, metal mill; control numerical; control, special purpose; control, standard; control systems, electrical; control systems, chemical properties; control systems, electrical; control systems, chemical properties; control systems, combustion, flow and level, pressure and differential pressure, temperature-temperature difference; controls for motors; controls, supervisory and telemetering; cores for transformers; cutouts, fuse; dehumidifiers, residential; direct current HV transmission equipment systems; dishwashers; displays, CRT alphanumeric and graphical (WAND) drives; drum controllers; dry cleaners, commercial dryers electric and gas; duct heaters, gas and electric; Dumet (copperclad); electric stairways; electric space heaters, baseboard heaters; electric walks; electric tubes; electrostatic air filters, Precipitron, elevators, electric geared and gearless, hydraulic; enclosed circuit breakers; energy storage equipment; environmental data systems; fans; filaments, tungsten, fluorescent lamps; food waste disposers; freezers, fuses and fuse links; fuses power; gas turbines, land; gear units; gearmotors; gears, railway; ground fault protectors; heaters, electric; heaters, portable; housewares, electric; blankets, blenders, can openers, coffee makers, knives, food mixers, fry pans, hair stylers, irons, kettles, toasters, automatic; hydraulic products; industrial lighting; infra-red heaters, electric; installation supervision, electrical apparatus; instructional services; instrument auxiliary equipment; instruments, analog; integrated circuits; interlocks; inverters, static; lamps; Laundromat automatic washers; lead-in wires, lamp and electronic tube; lighting, outdoor fluorescent, incandescent, mercury vapor, quartz, sodium; lighting fixtures; lighting, interior lighting, specialty interior; lights, indicating control; line tracing electronic systems (Linatrol); line traps, carrier, liquid dielectrics, oil and Inerteen; load centers, circuit breaker; mercury lighting; metals; Hi-purity single crystal; meter accessories; watthour, meters, demand; meters, mine-hoists friction treads. Westoflex; mine-hoists (Select-A-Level); molybdenum-wire, rod, powder; motor starters and controllers; motors, ac integral hp, thru frame 449T; multimetering; network protectors; network protector relays; numerical control; panel instruments; panelboards; phonographs; photo-electric controls, pilot devices; pilot wire relaying systems; portable instruments; potential devices,

Westinghouse de Venezeula, S.A.
Div. Pantallas de Television
Apartado 1889
Caracas, Venezuela

H. Maihak AG
West Germany

Transfer Agent(s):

Mellon Bank, N.A.
P.O. Box 444
Pittsburgh, Pennsylvania 15230

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York, Boston, Philadelphia, Midwest, Pacific

Ticker Symbol: WX

Number of Employees:

1988	119,640
1987	112,478
1986	117,267
1985	124,935
1984	126,849

Sales & Earnings x

	Net Sales + (000's)	Net Income (000's)	No. of Com. Share ‡	Earn. per Share ‡
1988	$ 12,499,500	$ 822,800	145,544,075	$ 5.66
1987	11,332,000	900,500	145,180,270	6.23
1986	11,370,100	172,900	152,331,187	1.15
1985	11,268,500	598,000	172,488,375	3.48
1984	10,738,700	532,200	177,301,873	3.02

x Restated to reflect change in accounting method.
+ Of continuing operations only; includes operating revenues.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1988	1987
Broadcasting	$ 632,800	$ 600,500
Electronic systems	2,671,900	2,498,100
Energy & utility syst.	2,749,200	2,702,500
Commercial	1,159,800	1,166,200
Industrial	4,783,700	3,988,400
Financing services	780,600	653,000
Other	115,700	103,100
Interseg. sales	(394,200)	(379,800)
Total	$ 12,499,500	$ 11,332,000

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 1.93	—	—
1987	1.64	—	
1986	1.35	—	—
1985	1.15	—	—
1984	0.975	—	2-for-1

Adjusted to reflect stock split.

Common Stock Equity x

	Total Equity (000's)	Equity Per Share #
1988	$ 3,794,500	$ 26.07
1987	3,222,000	22.19
1986	2,498,200	16.40
1985	3,221,200	18.67
1984	3,734,600	21.06

x Restated.
Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1988	1987‡
Net sales & oper. rev.	$ 12,499,500	$ 11,332,000
Cost of sales & rev.	9,101,800	8,249,000
Expenses	1,829,500	1,683,800
Depreciation & amortization	347,500	323,800
Provision for bus. restructuring	80,000	—
Interest expense	220,100	125,400
Other income	(144,900)	(97,500)
Income before taxes	$ 1,065,500	$ 1,047,500
Income taxes	242,500	147,300
Minority interest	200	(300)
Net Income	$ 822,800	$ 900,500

‡ Restated.

Assets
(000's)

As of Dec. 31	1988	1987‡
Cash & marketable securities	$ 1,104,600	$ 1,434,800
Accts. receiv., net	2,280,000	1,947,900
Cost in excess of billings	336,000	247,000
*Inventories	1,368,800	1,237,500
Prepaid & other current assets	622,700	442,300
Current Assets	$ 5,712,100	$ 5,309,500
Investments	253,500	287,200
#Fixed assets	2,501,300	2,337,000
Other assets	1,183,300	1,041,700
Assets of Financing Serv.	7,287,100	6,220,200
Total Assets	$ 16,937,300	$ 15,195,600

Liabilities
(000's)

	1988	1987‡
Short-term debt	$ 1,955,000	$ 1,528,200
Accts. payable	738,000	724,900
Billings in excess of costs	1,106,900	962,300
Other current liabilities	1,512,200	1,683,000
Curr. Liabilities	$ 5,312,100	$ 4,898,400
Long-term debt	892,300	823,300
Other liabilities	507,200	743,300
Liabs. of Financing Serv.	6,410,000	5,487,700
Minority interest	21,200	20,900
+Common stock	183,400	183,400
Add. paid-in capital	763,500	762,200
Retained earnings	4,636,600	4,091,800
Treasury stock	(1,780,100)	(1,780,100)
Cum. trans. adjust.	(8,900)	(35,300)
Total Liabilities & Shareholders' Equity	$ 16,937,300	$ 15,195,600

‡ Restated.
* At LIFO or current standard cost, which approximates actual or average cost.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.52	9.244
%Net Income to Sales	6.58	7.95
%Net Income to Equity	21.68	27.95
Debt to Equity	2.31	2.29
Working Capital	$ 400,000,000	$ 411,100,000
Current Ratio	1.08	1.08
Shareholders' Equity	$ 3,794,500,000	$ 3,222,000,000

Whirlpool Corporation

Benton Harbor, Michigan 49022-2692
(616) 926-5000

Officers: David R. Whitwam, chairman of the board & chief executive officer; Albert E. Suter, president & chief operating officer; Samuel M. Bateman, exec. v.p.-international operations; Charles D. Putnam, exec. v.p.-administration & asst. secretary; H.W. Bowman, corp. v.p. & president-Whirlpool Appliance Group; James R. Samartini, exec. v.p. & chief financial officer; Lloyd A. Wampach, corp. v.p.; William D. Marohn, corp. v.p. & president-Kenmore Appliance Group; Lawrence J. Kremer, corp. v.p.-procurement; E.R. Dunn, corp. v.p.-human resources; Robert I. Frey, corp. v.p.-law, general counsel & asst. secretary; Stephen F. Holmes, corp. v.p.-technology & group services; Kenneth W. Kaminski, corp. v.p. & president-KitchenAid Appliance Group; Ralph F. Hake, corp. v.p.-corp. planning & development; James E. LeBlanc, corp. v.p.; Bradley J. Bell, treasurer; Art Clark, asst. treasurer; James K. Doan, corp. v.p.; Daniel F. Hopp, secretary & asst. general counsel; Allan D. Vingelen, asst. controller; Russell B. Collingwood, asst. controller.

Directors: David R. Whitwam, chairman; Victor A. Bonomo, Douglas D. Danforth, Bert E. Phillips, Robert A. Burnett, Philip L. Smith, Jack D. Sparks, Jack B. St. Clair, Kenneth J. Whalen, Charles D. Putnam, James R. Samartini, Janice D. Stoney, Albert E. Suter.

Areas of Work: Manufactures home and commercial appliances, including microwave ovens, washers, dryers, refrigerators, ice makers, coolers, vacuum cleaners, ovens, dishwashers, dehumidifiers, freezers, air conditioners and trash compactors.

Subsidiaries:

Whirlpool Acceptance Corporation
Benton Harbor, Michigan
A wholly owned finance subsidiary.

Whirlpool Trading Company, Incorporated
Benton Harbor, Michigan

Inglis Limited
(72%-owned)
Toronto, Canada
Manufactures major home appliances.

Whirlpool International B.V. (53%-owned)
Comerio, Italy
Manufactures major appliances.

KitchenAid, Inc.
St. Joseph, Michigan
Manufactures major and portable appliances for the high-end user.

Aspera S.r.l. (65%-owned)
Torino, Italy
Manufactures compressors for refrigeration products.

Foreign Affiliates:

Brasmotor, S.A. (20% interest)
Sao Paulo, Brazil

Brastemp, S.A.
Sao Paulo, Brazil

Consul S.A.
Joinville, Brazil

Embraco, S.A.
Joinville, Brazil

Vitromatic, S.A. de C.V. (49% interest)
Monterrey, Mexico

Transfer Agent(s):

Harris Trust and Savings Bank
Stock Transfer Division
111 West Monroe Street
Chicago, Illinois 60690

Harris Trust and Savings Bank
c/o Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York, Midwest, London

Ticker Symbol: WHR

Number of Employees:

1988	29,110	1985	25,524
1987	30,412	1984	22,004
1986	30,956		

Plant Footage:

1988	N.A.	1985	N.A.
1987	11,321,500 sq. ft.	1984	10,095,000
1986	11,893,400		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 4,314,500,000	$ 94,100,000
1987	4,114,800,000	191,900,000
1986	3,937,600,000	199,700,000
1985	3,474,500,000	182,319,000
1984	3,137,500,000	189,565,000

	No. of Com. Shares †	Earn. per Share #
1988	69,289,000	$ 1.36
1987	69,232,000	2.68
1986	74,128,000	2.70
1985	73,325,000	2.49
1984	73,234,000	2.59

+ Of continuing operations only.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Home laundry appliances	$ 1,485,200,000	$ 1,429,300,000
Home refrigeration & room air conditioning	$ 1,500,600,000	1,429,500,000
Other household appliances	1,099,300,000	1,059,000,000
Other products & svcs.	229,400,000	197,000,000
Total	$ 4,314,500,000	$ 4,114,800,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.10	—	—
1987	1.10	—	
1986	1.03	—	2-for-1
1985	1.00	—	—
1984	1.00	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 1,320,900,000	$ 19.06
1987	1,303,800,000	18.83
1986	1,349,800,000	18.21
1985	1,206,620,000	16.46
1984	1,096,282,000	14.97

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 4,314,500	$ 4,114,800
Financing serv.	106,900	93,800
Total income	$ 4,421,400	$ 4,208,600
Cost of sales	3,505,700	3,264,800
Int. exp.-fin. services	47,400	38,800
Expenses	606,700	608,800
Other income	(24,700)	(14,200)
Interest expense	53,400	30,700
Income before taxes	$ 232,900	$ 279,700
Income taxes	90,900	122,500
Eq. in earn. of affil. cos.	(19,500)	(28,900)
Minority interests	200	(500)
Inc.-cont. oper.	$ 161,300	$ 186,600
Loss-discont. oper.	(67,200)	(5,500)
Cum. effect of acct. change	—	10,800
Net Income	$ 94,100	$ 191,900

* Included in Costs and Expenses, Depreciation: $142,700,000 in 1988 and $133,300,000 in 1988.

Assets
(000's)

As of Dec. 31	1988	1987
Cash & cash equiv.	$ 97,500	$ 90,400
Short-term invest.	45,900	33,100
Receiv., net	419,500	327,600
Financing receiv., net	641,000	545,600
Def. inc. taxes	24,900	20,600
*Inventories	536,800	615,600
Prepaid expenses	55,700	49,300
Other curr. assets	6,000	7,800
Current Assets	$ 1,827,300	$ 1,690,000
Investments & other assets	762,500	668,100
# Fixed assets	819,900	778,600
Total Assets	$ 3,409,700	$ 3,136,700

Liabilities

(000's)

	1988	1987
Notes payable	$ 695,100	$ 626,900
Accts. payable	351,700	311,200
Accruals	173,800	142,900
Accrued payroll & other compen.	113,000	120,600
Income taxes	5,100	8,400
Product warranty	24,100	21,400
Long-term debt. curr.	35,800	38,400
Curr. Liabilities	$ 1,398,600	$ 1,269,800
Long-term debt	473,800	366,500
Product warranty	13,300	13,500
Deferred inc. taxes	139,300	118,300
Minority interest	63,800	64,800
+ Common stock	74,300	74,300
Add. paid-in capital	8,300	7,000
Retained earnings	1,391,900	1,374,000
For. curr. trans. adjust.	24,000	26,100
Treasury stock	(177,600)	(177,600)
Total Liabilities & Shareholders' Equity	$ 3,409,700	$ 3,136,700

* At LIFO cost, which does not exceed realizable values. Nonproduction and foreign inventories at FIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

	1988	1987
%Net Income to Equity	7.12	14.72
Sales to Inventories	8.04	6.68
Debt to Equity	0.91	0.79
Working Capital	$ 428,700,000	$ 420,200,000
Current Ratio	1.31	1.33
Shareholders' Equity	$ 1,320,900,000	$ 1,303,800,000

Whitehall Corporation

2659 Nova Drive
Dallas, Texas 75229
(214) 247-8747

Mailing address:
P.O. Box 29709
Dallas, Texas 75229

Officers: Lee D. Webster, chairman of the board and president; Carl R. Anderson, v.p. & treasurer; John G. Peisen, secretary.

Directors: Lee D. Webster, chairman; Robert B. Gilmore, John A. Crichton, J. L. Huffines, Jr., John H. Wilson, III.

Areas of Work: Divided into three groups: Earth Sciences, Aerospace, and Electronic Components. The Earth Sciences Group manufactures and sells underwater sensing systems used for offshore geophysical surveys and naval surveillances. The Aerospace Group rebuilds and modifies aircraft airframes and electronic systems. The Electronic Components Group manufactures and markets frequency-controlling quartz crystals.

Divisions and Subsidiaries:

Crystek Crystals Corporation
2371 Crystal Drive
Fort Myers, Florida 33901
(813) 936-2100

Manufacture and distribution of frequency-controlling quartz crystals.

Seismic Engineering Company
2659 Nova Drive
Dallas, Texas 75229
(214) 241-7581

Design and manufacture of marine acoustic sensor systems for commercial geophysical applications.

Rogers Explorations, Inc.
2659 Nova Drive
Dallas, Texas 75229
(214) 247-7072

Land geophysical exploration services.

Hydroscience, Inc.
2659 Nova Drive
Dallas, Texas 75229
(214) 247-9052

Adaptation of commercial system technology to the specific underwater threat detection requirements of the U.S. Navy.

Seismic Explorations International, S.A.
2659 Nova Drive
Dallas, Texas 75229
(214) 241-7581

Marine geophysical exploration services.

Whitehall Export, Inc.
P.O. Box 29709
Dallas, Texas 75229
(214) 247-8747

Aero Corporation
Lake City, Florida 32055
(904) 752-7911

Aircraft maintenance, structural modification, avionics design and installation.

Transfer Agent(s):

BancTEXAS Dallas, N.A.
Dallas, Texas

Stock Exchange(s): New York

Ticker Symbol: WHT

Number of Employees:

1988	467	1985	1,366
1987	588	1984	1,498
1986	1,001		

Plant Footage:

1988	846,000 sq. ft.	1985	846,000
1987	846,000	1984	846,000
1986	846,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 26,558,300	$ (2,358,827)
1987	33,660,786	(3,825,957)
1986	36,930,831	2,197,666
1985	55,720,844	9,313,115
1984	63,277,276	9,381,403

	No. of Com. Shares ‡	Earn. per Share ‡
1988	3,469,946	$ —
1987	3,635,513	—
1986	3,670,008	0.60
1985	3,702,893	2.52
1984	3,719,040	2.52

(Loss)

‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1988	1987
Geophysical equipment & exploration service	$ 10,805,000	$ 17,417,000
Aircraft repair & maintenance	13,322,000	13,963,000
Electronic components	2,431,000	2,281,000
Total	$ 26,558,000	$ 33,661,000

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 48,398,364	$ 14.00
1987	51,172,911	14.64
1986	57,342,598	15.67
1985	55,557,465	15.11
1984	46,935,000	12.66

Income Account *

Year ended Dec. 31	1988	1987
Net sales	$ 26,558,300	$ 33,660,786
Other income	2,093,606	1,670,350
Total income	$ 28,651,906	$ 35,331,136
Cost of sales	28,076,463	30,067,797
Expenses	4,619,270	5,592,096
Special charges	—	10,627,200
Loss bef. taxes	$ (4,043,827)	$ (10,955,957)
Tax credit	(1,685,000)	(4,636,000)
Cum. effect of change in accntng. meth.	—	(2,494,000)
Net Loss	$ (2,358,827)	$ (3,825,957)

* Included in Costs and Expenses, Depreciation and Amortization: $7,237,255 in 1988 and $7,610,701 in 1987.

Assets

As of Dec. 31	1988	1987
Cash	$ 26,222,395	$ 25,931,569
Accts. receiv., net	14,868,524	10,252,750
Recov. inc. taxes	1,253,952	1,013,821
*Inventories	12,226,900	14,505,861
Prepaid expenses	1,073,915	1,184,933
Current Assets	$ 55,645,686	$ 52,888,934
#Fixed assets	13,034,199	19,293,645
Other assets	1,346,652	1,346,652
Total Assets	$ 70,026,537	$ 73,529,231

Liabilities

	1988	1987
Accts. payable	$ 2,150,927	$ 3,244,702
Accrued payroll	1,395,531	1,225,528
Accrued interest	18,068	13,339
Curr. Liabilities	$ 3,564,526	$ 4,483,569
Deferred inc. taxes	17,709,058	17,872,751
Other liabilities	354,589	—
+Common stock	377,376	377,376
Add. paid-in capital	1,053,211	1,053,211
Retained earnings	52,403,531	54,762,358
Treasury stock	(5,435,754)	(5,020,034)
Total Liabilities & Shareholders' Equity	$ 70,026,537	$ 73,529,231

* At average cost not in excess of market.

# Less accumulated depreciation and amortization.

+ $0.10 par value.

Statistical Summary

	1988	1987
Sales to Inventories	2.17	2.32
Working Capital	$ 52,081,160	$ 48,405,365
Current Ratio	15.61	11.80
Shareholders' Equity	$ 48,398,364	$ 51,172,911

Whittaker Corporation

10880 Wilshire Boulevard
Los Angeles, California 90024
(213) 475-9411

Officers: Joseph F. Alibrandi, chairman & chief executive officer; Gregory T. Parkos, president & chief operating officer; Daniel Hofmann, v.p., chief financial officer & chief accounting officer; Douglas W. Huemme, vice president; Gordon J. Louttit, vice president; Edward R. Muller, v.p., chief administrative officer & secretary; John K. Otto, treasurer.

Directors: Joseph F. Alibrandi, chairman; J. Dewey Daane, Walter B. Gerken, Robert Reznick, Edmund F. Ackell, John C. West, Frank J. Rauscher, Jr., Gregory T. Parkos.

Areas of Work: Manufactures and distributes products in two principal fields: technology and chemicals. The technology segment includes the production of aircraft fluid controls, radar and digital system simulators, electronic countermeasures equipment, defense-related command, control and communications systems, military troposcatter communications equipment, high-energy density batteries, pyrotechnics, propellants and aluminium engine parts, as well as the manufacture of biomedical products. The chemical segment involves principally the manufacture of industrial coatings, plastics, adhesives, heat-treating compounds and other specialty chemical products.

Electronics-related Divisions and Subsidiaries:

Whittaker Bioproducts, Inc.
Building 100
Biggs Ford Road
Walkersville, Maryland 21793
(301) 898-7025

Produces materials and equipment used in the diagnosis of viral diseases, and other areas of biomedical research.

Electronic Resources Division
1955 North Surveyor Avenue
Simi Valley, California 93063
(805) 584-8200

High temperature coaxial cables; electronic components and subsystems; mechanical and electronic counters.

Electronic Systems Division
1785 Voyager Avenue
Simi Valley, California 93063
(805) 584-8200

Air traffic control systems; antenna tracking devices; radar simulators; radar tracking devices; tactical radar jammers; electronic components and subsystems.

Elsin Corporation
540 Oakmead Parkway
Sunnyvale, California 94086
(408) 748-9900

Yardney Power Systems Division
82 Mechanic Street
Pawcatuck, Connecticut 06379
(203) 599-1100

High-energy density batteries; high-intensity portable lights; battery chargers and control systems; marine emergency beacons; irrigation system filters.

Whittaker Controls, Inc.
12838 Saticoy Street
North Hollywood, California 91605
(818) 765-8160

Valves, actuators and pumps for aircraft hydraulic, pneumatic and fuel systems; electronic proximity switches.

Whittaker Command & Controls, Inc.
6190 Yarrow Drive
Carlsbad, California 92008
(619) 438-7336

Produces computerized electronic integrators which link together the various intelligence systems of the military to achieve overall pictures of battlezones.

Winters Industries Division
4125 Mahoning Road, N.E.
Canton, Ohio 44705
(216) 456-4321

Manufactures highly engineered automotive engine components such as "tuned port" air intake manifolds.

Whittaker Ordnance, Inc.
2751 San Juan Road
Hollister, California 95023
(408) 637-5851

Power Storage Systems Division
3850 Olive Street
Denver, Colorado 80207
(303) 388-4836

Water Management Systems Division
6666 Box Springs Road
Riverside, California 92507
(714) 656-6716

Transfer Agent(s):

Manufacturers Hanover Trust Company
Securityholder Relations
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York, Pacific

Ticker Symbol: WKR

Number of Employees:

1988	3,900	1985	8,700
1987	N.A.	1984	10,800
1986	8,600		

Plant Footage:

1988	2,314,000 sq. ft.	1985	7,000,000
1987	N.A.	1984	9,000,000
1986	2,855,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 499,104,000	$ 23,065,000
1987	427,460,000	36,615,000
1986	399,144,000	(4,946,000)
1985	308,563,000	19,867,000
1984	259,965,000	43,870,000

	No. of Com. Shares #	Earn. per Share #
1988	6,819,000	$ 3.30
1987	7,836,000	4.60
1986	12,537,000	—
1985	13,780,000	1.40
1984	14,375,000	3.01

(Loss)
+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Technology	$ 295,800	$ 246,700
Chemicals	203,300	180,800
Total	$ 499,100	$ 427,500

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 1.00	—	—
1987	0.70	—	
1986	0.60	—	—
1985	0.60	—	—
1984	1.35	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share #
1988	$ 187,505,000	$ 27.50
1987	168,199,600	21.46
1986	193,355,700	15.42
1985	377,450,780	27.39
1984	335,601,880	23.35

‡ After allowing for preferred stock at redemption values.
# Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Oct. 31	1988	1987
Net sales	$ 499,104	$ 427,460
Cost of sales	364,286	304,348
Expenses	88,588	88,617
Interest expense	4,476	10,522
Other expense (income)	2,685	(1,400)
Inc. bef. taxes	$ 39,069	$ 25,373
Income taxes	16,004	12,684
Inc. - cont. oper.	$ 23,065	$ 12,689
Inc. - discont. oper.	—	23,926
Net Income	$ 23,065	$ 36,615

* Included in Costs and Expenses, Depreciation and Amortization: $18,428,000 in 1988 and $17,952,000 in 1987.

Assets
(000's)

As of Oct. 31	1988	1987
Cash	$ 3,063	$ 4,485
Short-term invest.	—	4,402
Receiv., net	108,633	97,653
*Inventories	86,654	64,947
Prepaid expenses	1,993	1,359
Deferred taxes	14,823	20,717
Current Assets	$ 215,166	$ 193,563
#Fixed assets	105,064	97,491
Goodwill	44,756	44,637
Intangibles	25,130	25,669
Notes receiv.	7,775	12,232
Other assets	38,165	35,204
Assets of discont. oper.	—	23,097
Total Assets	$ 436,056	$ 431,893

Liabilities
(000's)

	1988	1987
Notes payable	$ 60,628	$ 56,425
Long-term debt, curr.	2,638	5,590
Accts. payable	51,579	55,613
Accruals	44,993	45,190
Curr. Liabilities	$ 159,838	$ 162,818
Long-term debt	36,454	41,101
Def. inc. taxes	7,415	8,801
Other liabilities	33,918	39,888
+Preferred stock: $5.00 cumulative convertible	109	111
+Common stock	13,795	13,677
Add. paid-in capital	60,979	57,157
Retained earnings	123,182	107,431
Cum. trans. adjust.	366	909
Total Liabilities & Shareholders' Equity	$ 436,056	$ 431,893

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 stated value.

Statistical Summary

%Income bef. Taxes to Sales	7.83	—
%Net Income to Sales	4.62	—
%Net Income to Equity	11.62	20.42
Sales to Inventories	5.76	6.58
Debt to Equity	0.50	0.58
Working Capital	$ 55,328,000	$ 30,745,000
Current Ratio	1.35	1.19
Shareholders' Equity	$ 198,431,000	$ 179,285,000

Wickes Companies, Inc.

3340 Ocean Park Boulevard
P.O. Box 4056
Santa Monica, California 90405
(213) 452-0161

(Became a privately held corporation via a leveraged buyout by WCI Holdings Corporation, a corporation jointly owned by Blackstone Capital Partners, L.P. and Wasserstein, Perella Partners, L.P., on April 13, 1989.)

Officers: James R. Birle, co-chairman of the board & chief exec. officer; Lawrence P. Friedman, v.p.-human resources; Ronald D. Strongwater, v.p.-real estate; James N. Castleberry, v.p. & comptroller; Michael Jamieson, v.p.-financial planning & analysis; Robert S. Fenton, v.p.-tax and legal & secretary.

Areas of Work: The Wickes Manufacturing division produces diesel and gasoline pistons, electrical and electronic components, bumpers, aluminum castings, extrusions and tubing, stampings, mechanical components (shifters and parking brakes), window regulators, convertible tops and power units, electro-mechanical actuators, and wire-formed assemblies for the automotive industry. It also manufactures electronic connectors for the electrical and electronic markets, electrical wire and cable, and proprietary commercial refrigeration and air-conditioning systems for the construction market. In addition, Wickes Manufacturing division makes safety hardware and systems for military air crewmen and thermo processes specialty metals for aircraft and missile components. The Wickes Engineering division manufactures aircraft arresting gear, prototype and production parts for aircraft jet engines and replacement turbine blades for electrical generators.

In the retail area, the Company operates Builders Emporium home improvement centers and Orchard Supply Hardware stores. Manufacturing operations other than electronic are conducted by Collins & Aikman, which manufactures upholstery, carpet, specialty textiles and yarns, wallcoverings, and warp knit fabrics.

Other business activities include WCI Financial Corp. which purchases and finances accounts receivable generated by the retailing group; Western Diversified Services which offers insurance to individuals and companies, and the distribution of automotive parts through A.P.S., Inc., Vera Imported Parts Corporation, and Guaranteed Parts/Sorensen.

Electronics Divisions:

Elco
Bohn Heat Transfer
H. Koch & Sons
Advanced Development & Engineering Center (ADEC)

Wickes Engineering
Mal Tool & Engineering
Cepco
Klock

Acquisitions:

Larkin, Inc.
Manufactures OEM coils and refrigeration products.

Dura Corporation
Manufactures automobile window regulators, convertible top mechanisms and actuators.

Number of Employees:

1988	38,000	1986	60,000
1987	35,000	1985	57,350

Plant Footage:*

1988	4,150,800 sq. ft.	1986	4,000,000
1987	4,409,000	1985	4,100,000

* Electronics manufacturing only.

Sales & Earnings

	Net Sales + (000's)	Net Income # (000's)
1989	$ 3,983,834	$ (122,542)
1988	3,776,515	180,511
1987	2,457,163	83,750
1986	1,010,427	76,130
1985	204,355	296,536

	No. of Com. Shares ‡	Earn. per Share #‡
1989	47,779,000	$ —
1988	47,815,000	3.68
1987	39,770,000	1.65
1986	19,662,000	2.35
1985	2,922,000	101.48

(Loss)
+ Of continuing operations only.
# Including extraordinary loss of $11,509,000 ($0.24 per share) in 1988.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect reverse stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1989	—	—	—
1988	—	—	

Common Stock Equity

	Total Equity (000's)	Equity Per Share +
1989	$ 1,062,587 ‡	$ 22.24
1988	1,191,216 ‡	24.91
1987	1,011,022 ‡	25.42
1986	516,902 ‡	26.29
1985	340,333	116.47

‡ After allowing for preferred stock at liquidation value of $40 per share.
† Based on the average number of common shares and common share equivalents outstanding adjusted to reflect reverse stock split.

Income Account *
(000's)

Year ended	1/28/89	1/30/88
Net sales	$ 3,983,834	$ 3,776,515
Cost of sales	2,933,720	2,693,405
Expenses	883,727	814,428
Costs assoc. with acq.	25,000	—
Severance & rel. costs	26,190	—
Settle. of litigation	4,450	—
Interest expense	199,579	203,532
Income (loss) bef. taxes	$ (88,832)	$ 65,150
Income taxes	19,761	26,490
Income (loss)-cont. oper.	$ (108,593)	$ 38,660
Income (loss)-discont. oper.	(13,949)	153,360
Net Income (Loss)	$ (122,542)	$ 192,020
Extraord. loss	—	(11,509)
Net Income (Loss) & extraord. loss	$ (122,542)	$ 180,511

*Included in Costs and Expenses, Depreciation and Amortization: $148,674,000 in 1988 and $129,897,000 in 1987.

Assets
(000's)

As of	1/28/89	1/30/88
Cash & short-term invest.	$ 37,411	$ 51,292
Receiv., net	465,323	581,827
*Inventories	760,772	645,865
Assets of discont. oper.	131,417	647,130
Other curr. assets	73,555	81,697
Current Assets	$ 1,468,478	$ 2,007,811
#Fixed assets	811,662	766,905
Investments & other receiv.	48,382	59,433
Purch. price in exc. of assets acq.	1,099,728	1,064,736
Other assets	145,071	125,195
Total Assets	$ 3,573,321	$ 4,024,080

Liabilities
(000's)

Notes payable	$ 42,607	$ 267,811
Long-term debt, curr.	34,724	360,058
Accts. payable	297,261	273,988
Accruals	302,737	343,220
Other curr. liabilities	16,133	21,895
Curr. Liabilities	$ 693,462	$ 1,266,972
Long-term debt	1,636,545	1,358,295
Cap. lease oblig.	29,524	50,253
Deferred inc. taxes	105,953	112,094
+Preferred stock	181	181
+Common stock	4,777	4,777
Add. paid-in capital	975,578	976,768
Retained earnings	109,422	236,488
For. curr. trans. adjust.	18,806	18,252
Treasury stock	(927)	—
Total Liabilities & Shareholders Equity	$ 3,573,321	$ 4,024,080

* At lower of cost (FIFO or retail) or market, but not in excess of net realizable value.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	—	11.12
Sales to Inventories	5.24	5.85
Debt to Equity	1.57	1.65
Working Capital	$ 775,016,000	$ 740,839,000
Current Ratio	2.12	1.58
Shareholders' Equity	$ 1,107,837,000	$ 1,236,466,000

Wiltek, Inc.

542 Westport Avenue
Norwalk, Connecticut 06851
(203) 853-7400

Officers: Robert W. Cruickshank, chairman; Jay W. Fitzpatrick, president, chief exec. officer and treasurer; Boris Frenkiel, v.p. & asst. secretary; F. Spencer Pooley, Jr., v.p.; Jeffrey Stuart, v.p.; Paul F. Jacobson, secretary.

Directors: Martha M. Driver, Richard T. Niner, Ellis L. Phillips, Jr., Jay W. Fitzpatrick, Robert W. Cruickshank, Robert J. Campbell, Robert Capone.

Areas of Work: Designs, implements and operates worldwide message and data communication services that enable organizations with otherwise incompatible terminals, computers and communication networks to send and receive information.

Subsidiaries:

Wiltek (U.K.) Ltd.
84 Upper Richmond Road
London SW152ST, England

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Employees*:

1988	39	1985	32
1987	37	1984	26
1986	33		

Plant Footage:

1988	16,000 sq. ft.	1985	16,000
1987	16,000	1984	15,000
1986	16,000		

* Full-time only.

Sales & Earnings

	Revenues	Net Income
1988	$ 4,412,500	$ 212,800
1987	3,719,900	11,400
1986	3,512,500	170,100
1985	2,856,300	(132,400)
1984	2,299,200	(750,500)

	No. of Com. Shares	Earn. per Share #
1988	4,238,058	$ 0.05
1987	4,474,219	—
1986	4,574,219	0.04
1985	4,774,219	—
1984	4,774,219	—

(Loss)
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 2,661,900	$ 0.63
1987	2,683,300	0.60
1986	2,776,900	0.61
1985	2,820,800	0.59
1984	2,953,200	0.62

Income Account *

Year ended Oct. 31	1988	1987
Revenues:		
Comm. serv. & lic. fees	$ 4,304,200	$ 3,593,400
Terminal revenues	108,300	126,500
Total revenues	$ 4,412,500	$ 3,719,900
Cost of sales	2,031,600	1,805,000
Expenses	2,205,100	1,981,900
Interest income	(89,300)	(94,500)
Other exp.	52,300	16,100
Net Income	$ 212,800	$ 11,400

* Included in Costs and Expenses, Depreciation and Amortization: $508,200 in 1988 and $493,400 in 1987.

Assets

As of Oct. 31	1988	1987
Cash & cert. of deposit	$ 1,130,800	$ 1,337,500
Short-term investments	396,600	86,700
Accts. receiv., net	637,800	551,900
Other curr. assets	46,300	53,000
Current Assets	$ 2,211,500	$ 2,029,100
‡ Rental Equip.	979,800	1,186,000
Total Assets	$ 3,191,300	$ 3,215,100

Liabilities

Accounts pay. & accruals	$ 529,400	$ 531,800
Curr. Liabilities	$ 529,400	$ 531,800
+Common stock	1,593,900	1,593,900
Add. paid-in capital	5,702,100	5,702,100
Deficit	(4,063,600)	(4,276,400)
Treasury stock	(570,500)	(336,300)
Total Liabilities & Shareholders' Equity	$ 3,191,300	$ 3,215,100

‡ Less accumulated amortization.
+ No par value; $0.33 1/3 stated value.

Statistical Summary

% Net Income to Revenues	4.82	0.31
% Net Income to Equity	7.99	0.42
Working Capital	$ 1,682,100	$ 1,497,300
Current Ratio	4.18	3.82
Shareholders' Equity	$ 2,661,900	$ 2,683,300

WMS Industries, Inc.

767 Fifth Avenue
New York, New York 10153
(212) 751-5300

Officers: Louis J. Nicastro, chairman of the board, president & chief executive officer; Norman J. Menell, exec. v.p. & chief operating officer; Paul R. Shackford, v.p.-finance, chief financial & accounting officer; Neil D. Nicastro, sr. v.p. & treasurer; Barbara M. Norman, v.p., secretary & gen. counsel.

Directors: Louis J. Nicastro, chairman; Norman J. Menell, William C. Bartholomay, William E. McKenna, Harvey Reich, George Baker, Neil D. Nicastro.

Areas of Work: The Company is engaged in the design, manufacture and sale of coin-operated amusement games. The Company's games include both pinball and video games which use electronic technology. The Company is also involved in the ownership and operation of hotels and casinos.

Subsidiaries:

Posadas de Puerto Rico Associates, Inc.
999 Ashford Avenue
San Juan 00902 Puerto Rico
(809) 721-1000

Williams Hospitality Management Corp.
999 Ashford Avenue
San Juan 00902 Puerto Rico
(809) 721-1000

Williams Hotel Corporation
767 Fifth Avenue
New York, New York 10153
(212) 759-5400

WMS Games Inc.
767 Fifth Avenue
New York, New York 10153
(212) 751-5300

Midway Manufacturing Company
3401 North California Avenue
Chicago, Illinois 60618
(312) 267-2240

Williams Electronics Games, Inc.
3401 North California Avenue
Chicago, Illinois 60618
(312) 267-2240

WMS Hotel Corporation
767 Fifth Avenue
New York, New York 10153
(212) 751-5300

ESJ Hotel Corporation
767 Fifth Avenue
New York, New York 10153
(212) 751-5300

Posadas de San Juan Associates
El San Juan Hotel & Casino
Isla Verde Road 187
Carolina, San Juan 00913, Puerto Rico
(809) 791-1000

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10280
(212) 495-1784

Stock Exchange(s): New York

Ticker Symbol: WMS

Number of Employees:

1988	658
1987	966
1986	700

Plant Footage:

1988	201,400 sq. ft.
1987	201,400
1986	201,400

• Electronics-related only.

Sales & Earnings

	Revenues +	Net Income
1988*	$ 81,347,000	$ (2,209,000)
1987	122,974,000	(2,306,000)
1986	103,862,000	(3,401,000)
1985	64,950,000	(3,247,000)
1984	57,506,000	(14,473,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1988*	7,894,030	$ —
1987	8,013,475	—
1986	7,532,307	—
1985	7,523,750	—
1984	7,523,750	—

(Loss)
* 9 months
+ Of continuing operations only.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	
1986	—	—	—
1985	—	—	—
1984	0.15	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 19,408,000	$ 2.46
1987	21,882,000	2.73
1986	23,999,000	3.19
1985	27,283,000	3.63
1984	30,530,000	4.06

‡ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended	6/30/88 (9 months)	9/30/87
Net sales	$ 43,047	$ 76,503
Hotel & casino oper.	38,300	46,471
Total income	$ 81,347	$ 122,974
Cost of sales	39,409	66,435
Restruc. of work force	560	—
Hotel/casino oper. exp.	25,670	29,469
Expenses	14,615	20,490
Eq. in loss (inc.) of affil.	(1,911)	446
Minority interest	459	610
Unreal. loss of mark. secur.	811	—
Interest income	(859)	(1,279)
Interest expense	4,802	6,180
Inc. (loss) - cont. oper.	$ (2,209)	$ 623
Loss - discont. oper.	—	(2,929)
Net Loss	$ (2,209)	$ (2,306)

* Included in Costs and Expenses, Depreciation and Amortization: $2,794,000 in 1988 and $3,408,000 in 1987.

Assets
(000's)

As of	6/30/88	9/30/87
Cash & cash equiv.	$ 8,427	$ 10,430
Short-term invest.	—	3,900
Receiv., net	14,108	16,416
*Inventories	8,758	11,105
Recov. inc. taxes	298	985
Market. securities	4,330	—
Other curr. assets	1,962	1,758
Net assets-telephone bus.	—	618
Current Assets	$ 37,883	$ 45,212
Investments	9,767	8,348
Other assets	2,084	6,147
#Fixed assets	37,024	35,486
Intangibles	8,958	9,127
Total Assets	$ 95,716	$ 104,320

Liabilities
(000's)

Long-term debt, curr.	$ 2,214	$ 1,368
Notes payable	8,384	12,650
Accts. payable	10,262	12,541
Accruals	8,136	7,064
Pay. to unconsol. affil.	454	1,218
Other curr. assets	4,896	4,362
Curr. liabilities	$ 34,346	$ 39,203
Long-term debt	35,291	36,743
Minority interest	6,671	6,492
+Common stock	3,958	3,958
Add. paid-in capital	2,432	2,432
Retained earnings	15,172	17,381
Receiv. from stock sale	(1,889)	(1,889)
Treasury stock	(128)	—
Unreal. loss on invest.	(137)	—
Total Liabilities & Shareholders' Equity	$ 95,716	$ 104,320

+ At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

Debt to Equity	2.36	2.32
Working Capital	$ 3,537,000	$ 6,009,000
Current Ratio	1.10	1.15
Shareholders' Equity	$ 19,408,000	$ 21,882,000

Wyle Laboratories

128 Maryland Street
El Segundo, California 90245
(213) 322-1763

Officers: Stanley A. Wainer, chairman; Charles M. Clough, president & chief executive officer; Theodore M. Freedman, exec. v.p.-finance, treasurer & chief financial officer; Ralph L. Ozorkiewicz, exec. v.p., & president-Electronics Marketing Group; John R. Herring, exec. v.p., & president-Scientific Services & Systems Group; Joseph E.

Sullivan, v.p.-administration, taxes & secretary; R. Van Ness Holland, Jr., v.p. & corp. controller.

Directors: Frank S. Wyle*, Lawrence E. Irell, Stanley A. Wainer*, John R. Herring*, Raymond J. Raff, James J. McMorrow*, Edward Sanders, F. Stephen Wyle, Theodore M. Freedman*. Charles M. Clough*, John B. Farrell, Jack S. Kilby.

* Member of the Executive Committee

Areas of Work: Industrial distribution of electronic components and systems including sales, service, and finance functions; research, engineering, and testing services to the energy and aerospace/defense industries; manufactures electronic enclosures and electrical cables.

Divisions and Subsidiaries:

Scientific Services & Systems Group

Huntsville Facility
7800 Governors Drive, West
P.O. Box 1008
Huntsville, Alabama 35807
(205) 837-4411

Provides engineering, testing and support services for the aerospace, defense and nuclear power industries.

Hampton Facility
3200 Magruder Boulevard
Hampton, Virginia 23666
(804) 838-5000

Design, assembly, programming, and operation of computer-based data systems; instrument calibration and maintenance.

Norco Facility
1841 Hillside Avenue
Norco, California 91760
(714) 737-0781

Provides engineering, testing and support services for the aerospace, defense and nuclear power industries.

El Segundo Facility
128 Maryland Street
El Segundo, California 90245
(213) 678-4251

Provides engineering, testing and support services for the aerospace, defense and nuclear power industries.

Applied Research
Houston, Texas
El Segundo & Santa Clara, California
Colorado Springs, Colorado

Provides engineering and management services to the aerospace/defense market.

Research Staffs:

Consulting services and contract research in the physical sciences, specializing in acoustics; aerospace and seismic studies.

Burton Electrical Engineering
111 Maryland Street
El Segundo, California 90245

Design and manufacture of electrical ground support systems for aircraft, electrical cable systems for the oil well industry, and other kinds of electrical systems.

Electronic Enclosures:

225 South Aviation Boulevard
El Segundo, California 90245
(213) 679-0181

6995 Airport Highway
Pennsauken, New Jersey 08109
(609) 665-6810

Supplies standard electronic cabinetry as well as sophisticated TEMPEST RFI shielded cabinets which are used to secure military communications.

Electronics Marketing Group

Distribution of electronic components and computer systems.

Facilities:

Atlanta, Georgia

Austin, Dallas & Houston, Texas

Boston, Massachusetts

Denver, Colorado

Garden Grove, Huntingdon Beach, Irvine, Los Angeles, Sacramento, San Diego & Santa Clara, California

Phoenix, Arizona

Portland, Oregon

Salt Lake City, Utah

Seattle, Washington

Transfer Agent(s)

Security Pacific National Bank
Corporate Services Division
P.O. Box 3546, Terminal Annex
Los Angeles, California 90051

Stock Exchange(s): New York

Ticker Symbol: WYL

Number of Employees:

1988 2,175

Sales & Earnings

	Net Sales †	Net Income
1989	$ 410,909,000	$ 7,800,000
1988	368,033,000	5,779,000
1987	307,000,000	4,307,000
1986	260,816,000	(3,196,000)
1985	343,390,000	9,395,000

	No. of Com. Shares #	Earn. per Share #
1989	10,173,000	$ 0.77
1988	10,189,000	0.57
1987	9,779,000	0.44
1986	9,635,000	—
1985	9,492,000	0.99

(Loss)
† Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1989	1988
Electronics mktng.	$ 318,107	$ 265,395
Scientific serv. & syst.	92,802	102,638
Total	$ 410,909	$ 368,033

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1989	$ 0.28	—	—
1988	0.27	—	
1987	0.26	—	—
1986	0.26	—	—
1985	0.26	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1989	$ 93,851,000	$ 9.26
1988	88,522,000	8.78
1987	80,612,000	8.37
1986	78,373,000	8.18
1985	81,800,000	8.76

‡ Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1989	1988
Net sales	$ 410,909,000	$ 368,033,000
Cost of sales	317,207,000	286,747,000
Expenses	77,563,000	67,915,000
Interest expense	3,770,000	3,140,000
Loss on dispos. of prop.	27,000	74,000
Other income	(595,000)	(350,000)
Income before taxes	$ 12,937,000	$ 10,507,000
Income taxes	5,137,000	4,728,000
Net Income	$ 7,800,000	$ 5,779,000

* Included in Costa dn Expenses, Depreciation and Amortization: $4,580,000 in 1988 and $3,997,000 in 1987.

Assets

As of Jan. 31	1989	1988
Cash and equiv.	$ 4,889,000	$ 13,008,000
Accts. receiv., net	64,886,000	60,452,000
*Inventories	74,282,000	68,849,000
Other current assets	4,731,000	3,569,000
Current Assets	$ 148,788,000	$ 145,878,000
#Fixed assets	30,243,000	25,860,000
Other assets	3,882,000	4,023,000
Total Assets	$ 182,913,000	$ 175,761,000

Liabilities

Notes payable	$ 4,700,000	$ —
Long-term debt, curr.	11,320,000	809,000
Accts. payable	19,999,000	23,548,000
Accruals	16,549,000	15,055,000
Curr. Liabilities	$ 52,568,000	$ 39,412,000
Long-term debt	7,405,000	18,724,000
Convertible sub. debentures	25,000,000	25,000,000
Deferred inc. taxes	4,089,000	4,103,000
+Common stock	52,232,000	51,866,000
Retained earnings	41,619,000	36,656,000
Total Liabilities & Shareholders' Equity	$ 182,913,000	$ 175,761,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.15	2.85
%Net Income to Sales	1.90	1.57
%Net Income to Equity	8.31	6.53
Sales to Inventories	5.53	5.35
Debt to Equity	0.25	0.22
Working Capital	$ 96,220,000	$ 106,466,000
Current Ratio	2.83	3.70
Shareholders' Equity	$ 93,851,000	$ 88,522,000

Xerox Corporation

P.O. Box 1600
800 Long Ridge Road
Stamford, Connecticut 06904
(203) 968-3000

Officers: David T. Kearns, chairman, chief exec. officer & chairman of the executive committee; Paul A. Allaire, president; William F. Glavin, vice chairman; Melvin Howard, vice chairman & chairman and chief exec. officer-Xerox Financial Services; Wayland R. Hicks, exec. v.p. & president-marketing & customer operations; William C. Lowe, exec. v.p.-development & manufacturing; A. Barry Rand, group v.p. & president-U.S. Marketing Group; Douglas M. Reid, sr. v.p. & sr. staff officer; Richard S. Paul, v.p. & general counsel; Eunice M. Filter, v.p. & corp. secretary; Robert J. Kammerer, v.p.-marketing communications; Roger E. Levien, v.p.-corp. strategy office; Thomas P. Maletta, v.p.-taxes; John J. McGinty, v.p.-management control evaluation & corp. audit; Norman E. Rickard, v.p.-corp. quality office; Stuart B. Ross, v.p.-finance & chief financial officer; Alan Z. Senter, v.p. & treasurer; David R. Myerscough, v.p. & president-Xerox Americas operations; Austin E. Vanchieri, v.p. & president-Information Products Division; William J. Spencer, v.p.-Corp. Research Group; Donald A. Zrebiec, v.p.-management resources; Ronald B. Campbell, Jr., vice president & sr. v.p.-strategy & architecture; L. Lyndon Haddon, vice president; Norbett H. Kaupp, vice president-printing systems development; Robert T. Knight, vice president & sr. v.p.-segment marketing; Charles E. Otto, vice president & sr. v.p.-operations, U.S. Marketing Group; Richard C. Palermo, vice president & sr. v.p.-marketing support, U.S. Marketing Group; M. Norton Rosner, vice president-Real Estate & General Services Division; John C. Shoemaker, vice president & sr. v.p.-printing systems marketing; Michael Smith, vice president & sr. v.p.-reprographics/IOT development; Eric L. Steenburgh, vice president & sr. v.p. & gen. mgr.-manufacturing; Raghunandan D. Sachdev, controller; Robert R. Evans, asst. treasurer.

Directors: David T. Kearns*, chairman; Paul A. Allaire*, Robert A. Beck, Joan Ganz Cooney, William F. Glavin*, Alfred Herrhausen, Melvin Howard*, B. R. Inman, Vernon E. Jordan, Jr., Yotaro Kobayashi, John D. Macomber, C. Peter McColough, N. J. Nicholas, Jr., William E. Simon, Robert L. Sproull, Robert S. Strauss, Thomas C. Theobald.

* Member of the Executive Committee

Areas of Work: The company is principally in the business equipment and financial services businesses. Within the business equipment segment, the reprographics business consists of the development, manufacture, marketing and maintenance of xerographic copiers and duplicators. It also includes the manufacture and/or marketing of related paper and other supplies. Within the business equipment segment, the information systems business consists of the development, manufacture, marketing and maintenance of electronic, impact and electrostatic printers, workstations, information processing products, electronic typewriters, plotters, facsimile transceivers, software, networks, and related supplies. The principal markets for business equipment products are business and government offices. The primary method of marketing such products is through the Company's sales force.

Divisions and Subsidiaries:

AutEx Systems
55 Williams Street
Wellesley, Massachusetts 02135
(617) 235-1940

Cheshire, Inc.
408 Washington Blvd.
Mundelein, Illinois 60060
(312) 949-2000

Diablo Systems, Inc.
24500 Industrial Blvd.
Hayward, California 94545
(415) 786-5000

Ginn and Company
191 Spring Street
Lexington, Massachusetts 02173
(617) 861-1670

Kurzweil Computer Products, Inc.
33 Cambridge Parkway
Cambridge, Massachusetts 02142
(617) 864-4700

Systemix
2737 Campus Drive
Irvine, California 92715
(714) 851-1010

University Microfilms International
300 N. Zeeb Road
Ann Arbor, Michigan 48106
(313) 761-4700

Versatec, Inc.
2805 Bowers Avenue
Santa Clara, California 95051
(408) 988-2800

Xerox Business Products & Systems Group
P.O. Box 1600
Stamford, Connecticut 06904
(203) 968-3000

Xerox Canada, Inc.
703 Don Mills Road
Don Mills, Ontario M3C 15D, Canada
(416) 429-6750

U.S. Marketing Group
Xerox Square
Rochester, New York 14644
(716) 427-5400

Special Markets Group
101 Continental Boulevard
El Segundo, California 90245
(213) 333-2428

Custom Systems Division
1616 North Ft. Myer Drive
Arlington, Virginia 22209
(703) 527-6400

Corporate Research Group
P.O. Box 1600
Stamford, Connecticut 06904
(203) 968-3000

Xerox Computer Services
5310 Beethoven Street
Los Angeles, California 90066
(213) 390-3461

Xerox Special Information Systems
300 N. Halstead Street
Pasadena, California 91107
(213) 351-2351

Fuji Xerox Co., Ltd. (50% owned)
3-5 Akasaka 3-chome
Minato-ku, Tokyo 107, Japan

Xerox Group Affiliate Operations
3 Pickwick Plaza
Greenwich, Connecticut 06830
(213) 622-4700

Xerox Limited, Hong Kong
P.O. Box 489
12C Watson's Estate
North Point, Hong Kong, China

Xerox Learning Systems
One Pickwick Plaza
Greenwich, Connecticut 06830
(203) 622-5300

Xerox Magnetics
150 Charcot Avenue
San Jose, California 95131
(408) 262-4136

Xerox Medical Systems
125 N. Vinedo Avenue
Pasadena, California 91107
(213) 251-2351

Xerox Memory Division
3333 Bowers Avenue, Suite 250
Santa Clara, California 95051
(408) 727-7710

Xerox Information Products Division
901 Page Avenue
Fremont, California 94537
(415) 498-7000

Integrated Systems Operations
7900 Westpark Drive
McLean, Virginia 22102
(703) 442-6700

Engineering Systems Division
Xerox Square
Rochester, New York 14644
(716) 427-5400

Xerox Printing Systems Division
Xerox Corporation
Continental Park
880 Apollo Street
El Segundo, California 90245
(213) 536-7000

Xerox Electronics Division
701 S. Aviation Blvd.
El Segundo, California 90245
(213) 536-7000

Xerox Office Systems Division
2100 Geng Road
Palo Alto, California 94303
(415) 496-6000

Xerox Information Systems Division
2100 Geng Road
Palo Alto, California 94303
(415) 496-6000

Xerox Reprographics Business Group
Xerox Square
100 Clinton Avenue
Rochester, New York 14644
(715) 427-5400

Xerox Diversified Business Group
800 Long Ridge Road
Stamford, Connecticut 06904
(203) 329-8700

Xerox General Services Division
Xerox Square
100 Clinton Avenue
Rochester, New York 14644
(716) 427-5400

Xerox Real Estate Division
800 Long Ridge Road
Stamford, Connecticut 06904
(203) 329-8700

Xerox Information Resources Group
1 Pickwick Plaza
30 Mason Street
Greenwich, Connecticut 06830
(203) 625-5600

Rank Xerox Limited
Parkway, Marlow
Buckinghamshire SL7 1YL, England

Xerox Special Businesses Division
Xerox Corporation
Xerox Square
Rochester, New York 14644

Xerox Argentina, I.C.S.A.
Xerox do Brasil, S.A.
Xerox de Chile, S.A. Repruducciones
Xerox del Ecuador, S.A.
Industrias Xerographicas, S.A. de C.V.
Xerox del Peru, S.A.
Xerox de Venezuela, C.A.
Xerox de Colombia, S.A.
Xerox Research (UK) Limited
Rank Xerox Holding B.V. (50% owned)
Rank Xerox Manufacturing (Nederland) B.V.
Societe Industrielle Rank Xerox S.A.
Bessemer Trust Limited
Lyell Holdings Ltd.
Fuji Xerox Co., Ltd.
Rank Xerox (U.K.) Limited
Rank Xerox (Ireland) Limited
Rank Xerox de Espana Limited
Rank Xerox Espanola S.A.
Rank Xerox (N.Z.) Ltd.
Rank Xerox S.A.
Rank Xerox Exports Ltd.
Rank Xerox Business Equipment Inc.
Rank Xerox Investments Ltd.
Xerox International Sales Corp.
Rank Xerox (Management) Limited (50% owned)
N.V. Rank Xerox S.A.
Rank Xerox (Australia) Pty. Ltd.
Rank Xerox Austria G.m.b.H.
Rank Xerox A/S
Rank Xerox Oy
Rank Xerox G.m.b.H.
Rank Xerox Greece S.A.
Rank Xerox S.p.A.
Rank Xerox (Nederland) B.V.
Rank Xerox A/S
Rank Xerox A.B.
Rank Xerox A.G.

Xerox Financial Services, Inc.
Norwalk, Connecticut

Crum & Forster, Inc.
Morristown, New Jersey

Xerox Credit Corporation
Stamford, Connecticut

Van Kampen Merritt, Inc.
Lisle, Illinois

Furman Selz Holding Corporation
New York, New York

Xerox Life
Lisle, Illinois

Transfer Agent(s):

Xerox Corporation
P.O. Box 2007
Rochester, New York 14603

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia, London, Paris, Amsterdam, Dusseldorf, Frankfurt, Basel, Berne, Geneva, Lausanne, Zurich.

Ticker Symbol: XRX (New York)

Number of Employees:*

1988	100,120	1985	102,396
1987	99,032	1984	103,457
1986	100,367		

*Business Products and Systems only.

Sales & Earnings

	Oper Rev. † (000's)	Net Income (000's)
1988	$ 16,441,000	$ 388,000
1987	15,108,000	578,000
1986	13,287,000	465,000
1985	11,994,000	475,000
1984	11,400,000	291,000

	No. of Com. Shares #	Earn. per Share #
1988	101,741,000	$ 3.50
1987	98,978,000	5.35
1986	97,260,000	4.28
1985	96,159,000	4.44
1984	95,691,000	2.53

† Of continuing operations only.
# Based on the average number of common shares and Class B shares outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Business equipment	$ 11,152,000	$ 10,438,000
Xerox equip. financing	536,000	396,000
Third party financing	264,000	218,000
Insurance	4,295,000	3,937,000
Investment banking	194,000	119,000
Total	$ 16,441,000	$ 15,108,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 3.00	—	—
1987	3.00	—	
1986	3.00	—	—
1985	3.00	—	—
1984	3.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1988	$ 5,371,000	$ 52.23
1987	5,105,000	51.03
1986	4,687,000	48.04
1985	4,386,000	45.54
1984	4,101,000	42.87

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Revenues	$ 16,441,000	$ 15,108,000
Cost of sales & expenses	15,161,000	14,116,000
Restruc. costs	275,000	—
Income before taxes	$ 1,005,000	$ 992,000
Income taxes	470,000	333,000
Minorities' interests in earn. of subsid.	147,000	81,000
Net Income	$ 388,000	$ 578,000

* Included in Costs and Expenses, Depreciation and Amortization: $784,000,000 in 1988 and $809,000,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 296,000	$ 376,000
Accts. receiv., net	3,374,000	3,300,000
Finance receiv., net	6,529,000	4,762,000
*Inventories	1,583,000	1,407,000
Investments	7,960,000	6,497,000
Rental equip.	1,079,000	1,007,000
#Fixed assets	2,008,000	1,864,000
Invest. in affil.	962,000	804,000
Intangibles	1,089,000	1,070,000
Other assets	1,561,000	1,363,000
Total Assets	$ 26,441,000	$ 22,450,000

Liabilities
(000's)

Accts. payable	$ 878,000	$ [illegible]03,000
Accrued payroll	811,000	751,000
Unearned income	1,632,000	1,706,000
Insurance reserves	6,845,000	5,522,000
Other liabilities	1,928,000	1,644,000
Long-term debt, curr.	2,495,000	1,433,000
Long-term debt	5,379,000	4,289,000
Minorities' interests in eq. of subsid.	806,000	655,000
+Redeem. pref. stock	296,000	442,000
++Common stock	103,000	100,000
Add. paid-in capital	1,148,000	1,012,000
Retained earnings	4,283,000	4,255,000
Unreal. apprec. of eq. invest.	26,000	6,000
Cum. trans. adjust.	(189,000)	(268,000)
Total Liabilities & Shareholders' Equity	$ 26,441,000	$ 22,450,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value; $5.45 cumulative.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	6.11	6.57
%Net Income to Revenues	2.36	3.83
%Net Income to Equity	7.22	11.32
Debt to Equity	1.47	1.12
Shareholders' Equity	$ 5,371,000,000	$ 5,105,000,000

Xexex Industries, Inc.

3 Duke Place
Norwalk, Connecticut 06853
(203) 853-8001

Mailing address:
P.O. Box 5319
Rowayton, Connecticut 06853

Officers: George Battocchio, chairman & president; Burton Marks, secretary.

Directors: George Battocchio, chairman; Ira Nevin, Robert E. Weiss, Burton Marks, Peter Aliapoulios, Charles Muscat.

Areas of Work: Engaged in the production of printed circuit boards.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Sales & Earnings

	Net Sales	Net Income
1987	$ 3,366,850	$ 1,988
1986	3,493,414	119,630
1985	3,810,397	79,999
1984	4,321,835	181,415
1983	3,556,703	37,165

	No. of Com. Shares ‡	Earn. per Share ‡
1987	338,549	$ 0.06
1986	338,683	0.35
1985	341,067	0.23
1984	345,333	0.53
1983	348,033	0.11

(Loss)
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.05	—	—
1986	0.05	—	
1985	0.05	—	—
1984	0.13	—	—
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 1,382,110	$ 4.08
1986	1,397,956	4.13
1985	1,301,063	3.81
1984	1,280,453	3.71
1983	1,098,388	3.16

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 3,366,850	$ 3,493,414
Cost of sales	2,565,395	2,456,926
Expenses	770,103	764,284
Other charges	22,901	40,800
Income before taxes	$ 8,451	$ 231,404
Income taxes	6,463	111,774
Net Income	$ 1,988	$ 119,630

* Included in Costs and Expenses, Depreciation and Amortization: $189,159 in 1987 and $180,729 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 372,487	$ 652,277
Receiv., net	298,281	367,034
*Inventories	246,364	254,661
Prepaid expenses	64,289	10,681
Current Assets	$ 981,421	$ 1,284,653
#Fixed assets	1,200,548	925,273
Defer. charges & other assets	121,531	100,039
Total Assets	$ 2,303,500	$ 2,309,965

Liabilities

	1987	1986
Notes payable	$ 123,510	$ 114,029
Accts. payable	136,336	149,424
Accruals	28,301	74,948
Income taxes	—	79,067
Other taxes	—	1,526
Curr. Liabilities	$ 288,147	$ 418,994
Notes payable	617,032	479,863
Deferred inc. taxes	16,211	13,152
+Common stock	4,065	4,065
Add. paid-in capital	337,098	337,098
Retained earnings	1,244,860	1,245,256
Treasury stock	(203,913)	(188,463)
Total Liabilities & Shareholders' Equity	$ 2,303,500	$ 2,309,965

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

	1987	1986
%Income bef. Taxes to Sales	0.25	6.62
%Net Income to Sales	0.06	3.42
%Net Income to Equity	0.14	8.56
Sales to Inventories	13.67	13.72
Debt to Equity	0.54	0.42
Working Capital	$ 693,274	$ 865,659
Current Ratio	3.41	3.07
Shareholders' Equity	$ 1,382,110	$ 1,397,956

Zenith Electronics Corporation

1000 Milwaukee Avenue
Glenview, Illinois 60025
(312) 391-7000

Officers: Jerry K. Pearlman, chairman and president; Robert B. Hansen, pres.-consumer products group; Carl A. Michelotti, president-computer group; Otto M. Genutis, president-components group; James L. Faust, president-cable products; Gerald M. McCarthy, pres.-Zenith Sales Company; Michael J. Kaplan, v.p.-human resources and public affairs; Martin L. Lerner, president-CRT group; James A. Stark, v.p.-purchasing, consumer products; David S. Levin, treasurer; Kell B. Benson, v.p. & controller; Dennis J. Waldeck, secretary; John Borst, Jr., v.p. & general counsel; Bruce A. Huber, v.p.-marketing, consumer products; Peter C. Skerlos, v.p.-engineering, consumer products; M. Vincent Kamler, v.p.-manufacturing, consumer products; Michael S. Tamkin, v.p.-video display operations; John P. Frank, president-Zenith Data Systems; William E. Johnson, president-Heath Company.

Directors: Harry G. Beckner, Sidney Devidson*, John H. Johnson, Wilbur H. Gantz, Frederick G. Jaicks*, Arthur W. Schultz, Jerry K. Pearlman*, T. Kimball Booker, Robert B. Hansen, G. Ralph Guthrie*, Joseph S. Wright, director emeritus.

* Member of the Executive Committee

Areas of Work: Zenith is engaged predominantly in the design, development, manufacture and sale of consumer electronics and related products. These products include: color and black-and-white televisions, video cassette recorders, parts and accessories, cable television products, microcomputers and related peripheral equipment and software, power supplies, display devices and subsystems and color television picture tubes. Other products include high-technology components which are sold to original equipment manufacturers. The Heath Company, a wholly owned subsidiary, produces and markets consumer electronics products in kit and assembled form through mail order distribution and 70 retail store operations in the United States and Canada. Zenith Data Systems Corporation, a wholly owned subsidiary, sells microcomputers, related peripheral equipment and software directly to major corporations, educational institutions and the government, as well as through retail computer stores.

Divisions and Subsidiaries:

Zenith Electronics Corporation
1900 North Austin Avenue
Chicago, Illinois 60639
(312) 745-2000

Zenith Microcircuits Corporation
1851 Arthur Street
Elk Grove, Illinois 60007
(312) 956-1550

Rauland Division
2407 W. North Ave.
Melrose Park, Illinois 60160
(312) 379-4600

Zenith Electronics Corporation
1500 No. Kostner Avenue
Chicago, Illinois 60651
(312) 745-2000

Zenith Electronics Corporation
11000 Seymour
Franklin Park, Illinois 60131
(312) 671-7550

Springfield Division
2500 E. Kearney Street
Springfield, Missouri 65801
(417) 865-8341

Zenith Electronics Corp. of Texas
6601 South 33rd Street
McAllen, Texas 78503
(512) 687-9161

Electro Partes de Matamoros, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Partes de Television de Reynosa S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith Taiwan Corporation
Zenith Electronics (Pacific) Ltd.
No. 16 Chih Chiang First Road
Chung Li-Industrial District, Chung-Li Shin
Tos-Yuan Hsien, Taiwan, R.O.C.

Zenith Radio Corp. of Canada, Ltd.
1020 Islington Avenue
Toronto, Ontario M8Z 5X5, Canada
(416) 231-4171

Zenith Distributing Corp. of Northern California
800 Mariposa Street
San Francisco, California 94107
(415) 621-8545

Zenith Distributing Corporation of Southern California
11945 East Pike Street
Santa Fe Springs, California 90670
(213) 699-7461

Zenith Distribution Corp. of New York
200 Meadowlands Parkway
Secaucus, New Jersey 07094
(201) 330-9000

Zenith Distributing Corp.-Midstates
12600 West 93rd Street
Lenexa, Kansas 66215
(913) 888-4800

Zenith Distributing Corp. of Illinois
505 No. Northwest Avenue
Northlake, Illinois 60164
(312) 562-7300

Zenith Data System Corporation
1000 Milwaukee Avenue
Glenview, Illinois 60025
(312) 391-8860

Zenith Electronics (Ireland) Ltd.
Virginia Road, Kells
County Meath, Ireland

Zenith Electronics Corp. of Arizona
217 3rd Street
Douglas, Arizona 85607

Telson De Mexico, S.A. de C.V.
217 3rd Street
Douglas, Arizona 85607

Zenith Video Tech Corporation
11000 Seymour Avenue
Franklin Park, Illinois 60131

Zenith Video Products Corporation
1000 Milwaukee Avenue
Glenview, Illinois 60025

Cableproductos De Chihuahua, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Productos Magneticos de Chihuahua, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenco de Chihuahua, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith/Inteq, Inc.
13860 Redskin Drive
Herndon, Virginia 22071

Veritechnology Electronics Corporation
Hilltop Road
St. Joseph, Michigan

Heath Company
Hilltop Road
St. Joseph, Michigan
(616) 982-3200

Transfer Agent(s):

Harris Trust and Savings Bank
111 West Monroe Street
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): New York, Midwest, Zurich, Basel, Geneva

Ticker Symbol: ZE

Number of Employees:

1988 36,000
1987 35,000
1986 37,000
1985 33,000
1984 29,000

Plant Footage:

1988 ...... 8,400,000 sq. ft.
1987 .... N.A.
1986 8,300,000

N.A. - Not Available.

Sales & Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1988	$ 2,685,700	$ 11,700
1987	2,362,700	(19,100)
1986	1,892,100	(10,000)
1985	1,623,700	(7,700)
1984	1,716,000	63,600

Zenith Electronics Corporation

	No. of Com. Shares	Earn. per Share ‡ †
1988	26,708,475	$ 0.45
1987	25,920,280	—
1986	23,345,227	—
1985	23,130,291	—
1984	22,144,058	2.88

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gain of $6,400,000 ($0.25 per share) in 1988. –
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1988	1987
Consumer electronics	$ 1,129,000	$ 1,099,000
Computer products	1,356,000	1,036,000
Systems & components	201,000	228,000
Total	$ 2,686,000	$ 2,363,000

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 503,200,000	$ 18.84
1987	478,200,000	18.45
1986	431,600,000	18.49
1985	437,200,000	18.90
1984	442,800,000	20.00

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 2,685,700	$ 2,362,700
Cost of sales	2,252,800	2,017,900
Expenses	378,700	342,700
Other income	(1,900)	(9,700)
Gain on sale of prop.	(6,000)	(400)
Interest expense	51,200	45,700
Interest income	(4,200)	(4,600)
Income (loss) bef. taxes	$ 15,100	$ (28,900)
Income taxes (credit)	9,800	(9,800)
Net Income (Loss)	$ 5,300	$ (19,100)
Extraord. gain	6,400	—
Net Income (Loss) & extraord. gain	$ 11,700	$ (19,100)

* Included in Costs and Expenses, Depreciation: $43,100,000 in 1988 and $41,500,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 17,400	$ 19,500
Marketable secur.	8,900	—
Receiv., net	488,400	417,700
*Inventories	579,200	583,600
Prepaid inc. taxes	53,300	51,400
Prepaid expenses	20,400	17,300
Current Assets	$ 1,167,600	$ 1,089,500
#Fixed assets	254,300	266,800
Other assets	5,600	16,700
Total Assets	$ 1,427,500	$ 1,373,000

Liabilities
(000's)

Short-term debt	$ 100,000	$ 113,000
Long term debt, curr.	6,900	6,900
Accts. payable	273,200	220,500
Accruals	81,500	72,200
Accrued payroll	46,200	53,900
Income taxes	7,800	2,300
Prod. warranties	34,400	42,900
Co-op adv. & merch. prog.	34,900	36,400
Curr. Liabilities	$ 584,900	$ 548,100
Long-term debt	308,600	315,400
Deferred inc. taxes	30,800	31,300
+ Common stock	26,700	25,900
Add. paid-in capital	145,300	132,800
Retained earnings	331,200	319,500
Total Liabilities & Shareholders' Equity	$ 1,427,500	$ 1,373,000

* At lower of cost (majority at FIFO; remainder at LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	0.56	—
% Net Income to Sales	0.44	—
% Net Income to Equity	2.33	—
Sales to Inventories	4.64	4.05
Debt to Equity	0.83	0.66
Working Capital	$ 582,700,000	$ 541,400,000
Current Ratio	2.00	1.99
Shareholders' Equity	$ 503,200,000	$ 478,200,000

Zentec Corporation

2400 Walsh Avenue
Santa Clara, California 95051-1374
(408) 727-7662

Officers: Richard Calfee, chairman; James L. Siehl, president & chief exec. officer; Zoran Simic, v.p.-operations; Jeffrey B. Cunningham, v.p.-finance, secretary & chief financial officer; Edmund G. McCurtain, v.p.-sales & marketing; Anthony P. Gibbonn, v.p.-international.

Directors: Richard Calfee, chairman; Norman H. Moore, Fred Patton, Ralph Gabai, Mark Burka, James L. Siehl, David C. Seidman.

Areas of Work: Designs, manufactures and markets customized intelligent terminal products which are used in a variety of information processing applications.

Subsidiary:

Zentec Ltd.
Orchard House
Connaught Road
Brookwood, Surrey GU24OAT England

Acquisition:

Datamaxx USA Corporation
3044 Tharpe Street
Tallahassee, Florida 32303
(904) 224-4213

Engaged in the software aspect of computer terminal manufacture.

Transfer Agent(s):

Bank of America
National Trust & Savings Association
Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ZENT (NASDAQ)

Sales & Earnings

	Net Sales +	Net Income †
1988	$ 14,432,000	$ (7,204,000)
1987	28,937,000	620,000
1986	27,353,000	$ 3,434,000
1985	17,390,000	(4,880,000)
1984	24,005,000	354,000

	No. of Com. Shares ‡	Earn. per Share † ‡
1988	3,536,000	$ —
1987	5,143,000	0.12
1986	3,729,000	0.92
1985	3,444,000	—
1984	3,435,000	0.10

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $140,000 ($0.02 per share) in 1987, $1,607,000 ($0.43 per share) in 1986 and $127,000 ($0.03 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 568,000	$ 0.16
1987	8,112,000	1.58
1986	7,685,000	2.06
1985	4,222,000	1.23
1984	9,073,000	2.64

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1988	1987
Net sales	$ 14,432	$ 28,937
Cost of sales	17,227	23,817
Expenses	4,490	4,411
Product develop.	1,251	1,070
Other income	(1,332)	(781)
Income (loss) bef. taxes	$ (7,204)	$ 420
Income taxes	—	180
Net Income (Loss)	$ (7,204)	$ 240
Extraord. gain	—	140
Cum. effect of change in accntng. meth.	—	240
Net Income (Loss) & extraord. gain	$ (7,204)	$ 620

* Included in Costs and Expenses, Depreciation and Amortization: $389,000 in 1988 and $414,000 in 1987.

Assets
(000's)

As of Dec. 31	1988	1987
Cash	$ 2,846	$ 5,612
Accts. receiv., net	1,856	4,579
*Inventories	4,764	7,697
Other curr. assets	326	224
Current Assets	$ 9,792	$ 18,112
#Fixed assets	884	1,070
Other assets	163	92
Total Assets	$ 10,839	$ 19,274

Liabilities
(000's)

Cap. lease oblig., curr.	$ 113	$ 94
Accts. payable	733	1,548
Accrued compensation	478	551
Other accruals	1,170	1,069
Income taxes	—	40
Acq. rel. liability	400	—
Curr. Liabilities	$ 2,894	$ 3,302
Cap. lease oblig.	114	208
Value of net assets acq. in exc. of cost	1,160	1,605
Deferred inc. taxes	212	212
Redeem. preferred stock	5,891	5,835
+Common stock	13,316	13,298
Accumulated deficit	(12,748)	(5,186)
Total Liabilities & Shareholders' Equity	$ 10,839	$ 19,274

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.45
%Net Income to Sales	—	0.83
%Net Income to Equity	—	2.96
Sales to Inventories	3.03	3.76
Debt to Equity	0.40	0.04
Working Capital	$ 6,898,000	$ 14,810,000
Current Ratio	3.38	5.49
Shareholders' Equity	$ 568,000	$ 8,112,000

Zero Corporation

444 South Flower Street
Suite 2100
Los Angeles, California 90071-2922
(213) 629-7000

Officers: John B. Gilbert, chairman of the board; Howard W. Hill, vice chairman; Wilford D. Godbold, Jr., president & chief executive officer; James E. Osterman, v.p. & secretary; James F. Hermanson, vice president; Ronald L. Hess, vice president; Jon R. Wimer, vice president; George A. Daniels, v.p. & chief financial officer.

Directors: John B. Gilbert, chairman; Richard R. Gomez, Howard W. Hill, Arnold D. Larson, Roger L. Putnam, Jr., Clinton G. Gerlach, Robert C. Sherburne, Wilford D. Godbold, Jr..

Areas of Work: Engaged in the design, manufacture and sale of metal containers, cabinets, instrument cases and other packaging for the electronics and data processing industries. Also manufactures and sells proprietary plastic and metal components and assemblies used in the electronics and other industries and devices for the cooling of electronic equipment, and a line of aluminium luggage and camera cases under the Zero Halliburton and Anvil brand names.

Divisions and Subsidiaries:

Zero-West Division
777 Front Street
Burbank, California 91503
(818) 846-4191

Zero-East Division
288 Main Street
Monson, Massachusetts 01057
(413) 267-5561

Scanbe/Electronic Solutions
6790 Flanders Drive
San Diego, California 92121
Manufactures both standard and custom card cages, backplanes, tabletop enclosures, memory boards and accessories for the electronic marketplace.

McLean Engineering
70 Washington Road
Princeton Junction, New Jersey 08550
Manufactures blowers and fans for cooling electronic units.

McLean Midwest
4000 83rd Avenue North
Brooklyn Park, Minnesota 55443
Manufactures air conditioners and heat exchangers for electronic equipment.

Samuel Groves & Co., Ltd.
Norton Street
Hockley, Birmingham B185RQ England
Manufactures deep drawn food service containers and accessories.

Zero-Halliburton
12224 Montague Street
Pacoima, California 91331
Manufactures luggage and camera cases.

Acquisition:

Anvil Cases Inc.
Manufactures carrying and transit cases.

Transfer Agent(s):

Security Pacific National Bank
P.O. Box 60228, Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): New York, Pacific

Ticker Symbol: ZRO

Sales & Earnings

	Net Sales †	Net Income
1988	$ 139,073,000	$ 13,290,000
1987	125,699,000	11,602,000
1986	123,253,000	12,777,000
1985	117,186,000	11,812,000
1984	98,648,000	10,034,000

	No. of Com. Shares +	Earn. per Share ‡
1988	12,556,469	$ 1.06
1987	12,497,314	0.93
1986	12,418,116	1.03
1985	12,387,047	0.95
1984	12,368,913	0.81

† Of continuing operations only.
+ Adjusted to reflect stock splits.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues by Line of Business

	1988	1987
Specialized enclosures	$ 84,844,000	$ 76,866,000
Enclosure accessories	39,058,000	36,117,000
Other	15,171,000	12,716,000
Total	$ 139,073,000	$ 125,699,000

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1988	$ 0.36	—	—
1987	0.306	—	
1986	0.272	—	5-for-4
1985	0.244	—	5-for-4
1984	0.211	—	3-for-2

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1988	$ 93,685,000	$ 7.48
1987	83,123,000	6.66
1986	73,935,000	6.00
1985	63,535,000	5.18
1984	54,728,000	4.48

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended March 31	1988	1987
Net sales	$ 139,073	$ 125,699
Interest income	1,763	1,435
Other income	897	3,321
Total income	$ 141,733	$ 130,455
Cost of sales	85,060	75,055
Expenses	28,164	27,154
Depreciation & amortization	4,260	4,210
Interest expense	2,029	1,562
Income before taxes	$ 22,220	$ 22,474
Income taxes	8,930	10,381
Inc.-cont. oper.	$ 13,290	$ 12,093
Loss-discont. oper.	—	(491)
Net Income	$ 13,290	$ 11,602

Assets
(000's)

As of March 31	1988	1987
Cash	$ 2,787	$ 317
Marketable securities	41,255	35,792
Receiv., net	22,700	20,646
*Inventories	18,226	18,751
Prepaid expenses	1,232	1,649
Intangibles	2,044	1,851
Current Assets	$ 88,244	$ 79,006
#Fixed assets	21,566	22,992
Other assets	5,046	5,591
Intangibles	17,928	10,981
Total Assets	$ 132,784	$ 118,570

Liabilities
(000's)

Long-term debt, curr.	$ 5,229	$ 1,044
Subordinated debt, curr.	—	1,751
Accts. payable	3,133	2,375
Inc. taxes payable	1,239	1,719
Accrued taxes	1,971	2,123
Accrued interest	156	202
Accrued payroll	5,912	5,475
Accrued workers' comp.	1,213	1,232
Other accruals	2,344	2,339
Curr. Liabilities	$ 21,177	$ 18,260
Long-term debt	10,645	6,234
Deferred inc. taxes	137	—
Cap. lease oblig.	309	488
Other liabilities	6,831	6,389
Minority interest	—	4,076
+Common stock	12,519	12,474
Add. paid-in capital	11,250	10,321
Retained earnings	69,045	60,303
For. curr. trans. adj.	871	25
Total Liabilities & Shareholders' Equity	$ 132,784	$ 118,570

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.98	—
%Net Income to Sales	9.56	—
%Net Income to Equity	14.19	13.96
Sales to Inventories	7.63	6.70
Debt to Equity	0.17	0.11
Working Capital	$ 67,067,000	$ 60,746,000
Current Ratio	4.17	4.33
Shareholders' Equity	$ 93,685,000	$ 83,123,000

Zygo Corporation

Laurel Brook Road
Middlefield, Connecticut 06455
(203) 347-8506

Officers: Paul F. Forman, chairman of the board, chief exec. officer & treasurer; Richard T. Fedor, president & chief operating officer; Carl A. Zanoni, v.p.-engineering; Sol F. Laufer, v.p.-optics group; James R. Downey, Jr., v.p.-finance & administration; Thomas O. Hagerth, v.p.-marketing; I. Frederick Shotkin, secretary; Winfield L. Guilmette, v.p.-instrument manufacturing.

Directors: Paul F. Forman, chairman; Carl A. Zanoni, Fujio Mitarai, Burton S. Sonenstein, Takashi Kojima, Robert G. McKelvey, Harold N. Cotton, Richard T. Fedor.

Areas of Work: The company designs, develops, manufactures and markets high-performance, laser-based, non-contact electro-optical components to extremely precise tolerances both for sale and for use as key elements in its own products. The company's instruments and systems are used to enhance productivity and improve product quality in a variety of industrial, scientific, and aerospace applications. The company is a worldwide producer of general purpose laser interferometers, microprocessor-based interferometer data analyzers, and related accessories which measure optical elements and systems, and precision manufactured components. The company also produces laser telemetric systems, which use scanning laser beams and microprocessor-based signal processors to make precision dimensional measurements.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ZIGO (NASDAQ)

Number of Employees:

1987	320	1984	285
1986	355	1983	250
1985	325		

Plant Footage:

1987	100,000 sq. ft.	1984	100,000
1986	100,000	1983	100,000
1985	100,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 20,214,000	$ (1,029,000)
1986	23,283,000	256,000
1985	21,597,000	1,008,000
1984	17,512,000	1,108,000
1983	14,270,000	802,000

	No. of Com. Shares #	Earn. per Share #
1987	2,415,000	$ —
1986	2,466,000	0.10
1985	2,461,000	0.41
1984	2,129,000	0.52
1983	1,735,000	0.46

(Loss)
# Based on the weighted average number of common shares outstanding.

Revenues by Line of Business

	1987	1986
Instruments & systems	80 %	86 %
Precision optical components	20	14
Total	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 15,704,000	$ 6.50
1986	16,691,000	6.77
1985	16,421,000	6.67
1984	15,369,000	7.22
1983	6,093,000	3.51

‡ Based on the weighted average number of common shares outstanding.

Income Account*
(000's)

Year ended June 30	1987	1986
Net sales	$ 20,214	$ 23,283
Cost of sales	14,261	14,600
Expenses	8,562	8,452
Interest income	(138)	(271)
Interest expense	255	265
Other expense (income)	(293)	149
Income (loss) bef. taxes	$ (2,433)	$ 88
Tax credit	(1,404)	(168)
Net Income (Loss)	$ (1,029)	$ 256

* Included in Costs and Expenses, Depreciation and Amortization: $1,079,000 in 1987 and $954,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash	$ 1,812	$ 2,415
Accts. receiv, net	4,554	7,116
*Inventories	8,327	7,839
Prepaid expenses	165	242
Current Assets	$ 14,858	$ 17,612
#Fixed asssets	6,485	6,742
Other assets	656	413
Total Assets	$ 21,999	$ 24,767

Liabilities
(000's)

Long-term debt, curr.	$ 380	$ 451
Accts. payable	1,168	1,146
Cust. prog. pay.	245	232
Accrued payroll	819	791
Other accruals	847	729
Income taxes payable	9	14
Deferred inc. taxes	8	781
Curr. Liabilities	$ 3,476	$ 4,144
Long-term debt	2,179	2,557
Deferred income	—	200
Deferred inc. taxes	640	1,175
+Common stock	241	240
++Junior common stock	1	1
Add. paid-in capital	9,377	9,336
Retained earnings	6,085	7,114
Total Liabilities & Shareholders' Equity	$ 21,999	$ 24,767

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.38
%Net Income to Sales	—	1.10
%Net Income to Equity	—	1.53
Sales to Inventories	2.43	2.97
Debt to Equity	0.16	0.18
Working Capital	$ 11,382,000	$ 13,468,000
Current Ratio	4.27	4.25
Shareholders' Equity	$ 15,704,000	$ 16,691,000

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